

Nott axes warships, 19,500 men and Chatham dockyard

By Henry Stanhope, Defence Correspondent

The closure of Chatham Dockyard, manpower cuts of up to 19,500 in the Services, and the disposal of 10 Royal Navy warships, including one of the latest class of aircraft carriers, were among changes announced for the defence by Mr John Nott, Secretary of State for Defence, in the Commons yesterday.

Those were among the more striking results of the much heralded and long awaited defence review whose overall economics were much less savage than many observers had expected.

But Mr Nott refused to put a price on the Government's defence programme for the next decade, apart from saying that the budget will increase by 3 per cent a year in real terms until 1983 in fulfilment of Britain's pledge to NATO.

At a press conference he declined to describe, even in the most general terms, any likely reductions in spending. "We would be daft to do it. I do not believe in that kind of open government," he said.

Mr Nott said he had achieved his aim of carving funds from the budget to create a contingency fund as a hedge against future inflation in defence costs. It was much smaller than he wanted, but he would not put a figure on it.

There will be a full debate on the cuts in the Commons on July 7.

The NATO allies were reassured and delighted by the sustained commitment to 3 per cent growth until 1985-86. Alarmist press reports had enabled him to assuage the fears of our American and West German partners, Conservative backbenchers, and the Royal Navy, he added.

The cuts which were heard in relative silence by a crowded Commons include the second big reorganization in five years of the British Army of the Rhine (BAOR), where the number of troops is being reduced by almost two-thirds. More than half the reduction will come from the withdrawal of one of the four divisional headquarters and the telescoping of the other three.

But the three divisions in future will have three brigades each, instead of two, although one brigade will be based in Britain.

There will also be a new reserve division held in Britain to reinforce BAOR in a crisis. Improvement to Britain's reserve forces will include a new 16,000 men for the Territorial Army.

The regular Army will be gradually reduced by 7,000 men over the next five years. The Territorial Army will be reduced by 13,500 trained personnel. Other manpower reductions include 2,500 for the RAF and between 8,000 and 10,000 for the Royal Navy. In terms of equipment losses, too, the Royal Navy seems to have come off worst.

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although not as badly at first sight anyway, as many had feared.

The Government's decision to procure the Trident nuclear missile to succeed Polaris as Britain's strategic deterrent in the 1990s remains unaltered. So does the present warship building programme for 20 vessels planned for the next five years, at about £2,000m.

But nine of the 59 frigates and destroyers now committed to NATO are to be disposed of, mainly from the County, Leander, and Rothesay classes. That is being done partly to reduce the heavy costs of refitting and maintenance. To fit a Leander frigate costs £70m, Mr Nott said, which is more than the price of the new Type-23 frigates being planned for the next five years.

The three Royal Marine commando units will remain, but their amphibious assault ships, Fearless and Intrepid, will be phased out of service more quickly than planned.

Only one of the three new Invincible class aircraft carriers originally intended for anti-submarine missions in the Atlantic will remain in service. And they seem likely to play their main role east of Suez as Mr Nott follows through the Government's plans to help in protecting Western interests outside the NATO area.

Naval losses are also balanced by additions to the RAF's strength. Among the improvements not altogether unexpected is the introduction of the RAF's new improved version of the vertical take-off Harrier, which is being developed by British Aerospace and the American company of McDonnell Douglas for the US Marine Corps.

The air defence of refitted Mark 2 Nimrod maritime patrol aircraft is being raised from 33 to 34 as Mr Nott tries to change the balance of British anti-submarine operations in the Atlantic. The addition of the new Kingfisher maritime patrol aircraft will give the Navy a much enhanced capability.

The air defence of Britain, for long a matter of concern to successive governments, is identified in the review as a priority requirement and all the present programmes will be maintained.

The number of Hawk trainers to be fitted with the Sidewinder missile to supplement the RAF's purpose-built fighters, is being doubled to 72.

Two squadrons of Phantoms are being continued in service instead of being phased out.

when the Tornado comes into operation and the Government is studying whether 20 strike Tornados can be diverted to an air defence role.

Mr Nott said in his statement that the manpower reductions in BAOR will enable the Government to afford what he called the "very wide range of equipment projects" now envisaged, although the scale and timing of some of them is being modified.

The Challenger tank will equip four armoured regiments when it comes into service in a few years' time, and the number of Milan anti-tank missiles being bought for the infantry is being increased.

Challenger, which is based on the Shtr-2 tank originally designed by Britain for the Shah's Army, is not the only benefit that BAOR will enjoy as an indirect result of the Iranian revolution. The other, announced by Mr Nott yesterday, is the tracked version of the Rapier anti-aircraft missile.

The cuts in the navy's surface fleet are paralleled by the loss of four ships in the Royal Fleet Auxiliary. But last night there was no hint of any resignations from the Admiralty Board, despite rumours during recent weeks that Admiral Sir Henry Leahy, First Sea Lord, was seriously considering quitting at one stage of the review.

In mid-March, the entire Admiralty Board considered resigning after being presented with "worstcase" options for the size and content of the fleet in the early 1990s.

The main effect of the surface fleet reductions is the closure of Chatham dockyard by 1984 with the loss of 7,000 jobs. There will also be a sharp reduction in the work carried out at Portsmouth dockyard. It will lose 6,000 posts between now and 1984, after that date no more surface ships will be refitted there.

The White Paper also hints at the possibility that the volume of work in the dockyard at Gibraltar may not be maintained indefinitely. But if that is so other ways will be considered to help to support the Gibraltar economy.

Mr Nott's defence review, and his preparation and presentation of it, appeared last night to represent a considerable political achievement. He appeared at a press conference at the 1922 Committee of backbench Conservative MPs. He received warm applause, and there was barely a critical question (Our Political Editor writes).

Mr Keith Speed, Conservative MP for Ashford, who was dismissed as Under-Secretary of Defence for the Royal Navy after he had criticized the Government's original proposals, said last night: "The outcome is better than had been planned or I had feared. But I cannot pretend I am in any way happy about the reductions."



Ann Hobbs jumps for joy.

Virginia Wade makes early exit

Virginia Wade, the 1977 women's champion, was defeated in her opening singles match at Wimbledon yesterday by a colleague from Great Britain's Wightman Cup team, Ann Hobbs. It was Miss Wade's last attempt at a prolonged run in the championships as she is to spend less time on the tennis circuit and play more for fun.

For Miss Hobbs, from Cheshire, it was her first attempt over Britain's leading player who, at 35, is appearing in her twentieth Wimbledon. The conqueror, 14 years younger than Miss Wade, reached the third-round with a 6-1, 7-6 victory. Yet Miss Hobbs' triumph was overshadowed by a British point of view by the unexpected defeat of Bettina Bunge, the 13th seed, by Susan Barker, who won after trailing three games to love in the final set.

The major surprise of the fourth day was the dismissal of Roscoe, Tanner, beaten finalist two years ago, by Carla Kirmayr, from Brazil. Tanner's fellow American, Brian Gottfried, was beaten by Jeff Borwick, bringing the tally of beaten seeds to three, although John McEnroe, also from the United States, progressed towards a repeat of last year's final against Bjorn Borg by eliminating Raul Ramirez.

Universities face cut of up to 25 per cent

By Diana Geddes, Education Correspondent

Some universities are to have their government grant for 1981-82 cut by up to 25 per cent, while others will get away with a cut of less than 5 per cent.

Any loss of grant for overseas students, which in some cases will be substantial, will be added to the cuts.

The numbers of home students in some universities are to be cut by about 20 per cent over the period, while in a few exceptional cases they will be allowed to increase marginally. Those suffering the biggest grant cut will not necessarily be the same institutions as those suffering the biggest loss of students.

Mr Mark Carlisle, Secretary of State for Education and Science, is to make an announcement in the Commons, probably on Wednesday, giving the size of grant for each of the 43 universities for the academic year 1981/82, and provisional figures for 1982/83 and 1983/84.

He will announce targets for the total number of home undergraduate students in each institution for 1983/84, though that may be extended to 1984/85.

He will also discuss the effect on the system as a whole of government cuts in the universities grant for home students of about 9 per cent over the next three academic years, and the effect of the selective distribution of those cuts by the University Grants Committee (UGC) between institutions and subjects.

The committee has promised a major restructuring of the university system, involving a reduction in the range of subjects at some universities, the closure or radical reduction of some departments, and the possible sale of some postgraduate teaching and research.

Mr Carlisle's statement will be couched in very general terms, simply explaining which of the 15 or so main subject areas are to be cut back, both in terms of finance and student numbers, and which expanded. Individual institutions will not be named.

The UGC has decided that, given a cut in total university income (as opposed to grant which forms about 80 per cent of university income on average) of between 11 per cent and 15 per cent over the next three years, there will have to be a small reduction of around five per cent in the total number of home students over the next three or four years if universities are not to fall too seriously.

The cut in student numbers in a particular area will not necessarily be in proportion to the cut in finance in that area, however. For example, it is expected that the number of students in the law will be cut by less than 5 per cent.

Continued on back page, col 1

Carrington rides out Begin fury

By David Spanier, Diplomatic Correspondent

It was stiff upper lip day at the Foreign Office yesterday with Lord Carrington and his colleagues disabbling a direct response to the attack on them by Mr Menachem Begin, the Israeli Prime Minister.

He accused them in a television interview of being no friends of Israel, no friends at all. Regretted as Mr Begin's lines are the only surprise in a London was that it took him so long to get around to castigating the British.

After his recent attack on Herr Helmut Schmidt, the West German Chancellor, and M. Giscard d'Estaing, the former French President, British Ministers knew it would soon be their turn.

The official view is that in an election campaign, especially one so sharply contested as the present contest in Israel, such personal attacks are to be expected, if not excused.

What has riled Mr Begin so much has been the British Government's condemnation of his decision to bomb the Iraqi nuclear reactor near Baghdad, though even before that, Mr Begin had been extremely critical of the British Middle East policy in particular its support for the Palestine Liberation Organization entering the peace process.

Asked on Wednesday, if Israel now had fewer friends under his leadership, Mr Begin said the BBC programme *Newsnight* that this was untrue. "We have more friends

then ever, both in America and France, perhaps even in England—besides Lord Carrington and Mr (Sir Ian) Gilmour. They are my friends at all times."

As for Mrs Thatcher's condemnation of the Israeli raid on the Iraqi reactor as a grave breach of international law, Mr Begin said: "I am not so sure Mrs Thatcher is an international lawyer. It was a supreme act of national self-defence."

On Lord Carrington's approaching presidency of the European Community's Council of Ministers, Mr Begin was even more scathing. "Mr Carrington, personally, he is no friend," Mr Begin said heatedly. "I do not expect anything good from his presidency."

As for Sir Ian Gilmour, Mr Begin said: "He is not only an anti-Zionist, he has negative feelings which go much deeper—I don't want to use other words."

Mr Douglas Hurd, Minister of State at the Foreign Office, said yesterday that Britain would not give up trying to make a constructive contribution in the Middle East along with its Common Market partners. The next stage will be the report by the present chairman, Mr Christopher, van der Klauw, the Dutch Foreign Minister, on his tour of Middle East capitals. This will be discussed next week.

Begin-Peres clash, cartoon, page 10

Sinai peace deal gives US first Middle East opening

From Our Correspondent, Cairo, June 25

Egypt, the United States and Israel today announced preliminary agreement to set up a multinational peace-keeping force to police the borders of the Sinai desert after three years in the past 30 years.

The accord, which has a strong American profile, gives American troops their first appointed military commitment in the Arab world.

Although the Americans emphasize that their troops would not be connected with a rapid deployment force, set up to rush to the protection of Western interests in the Arab world, the accord still gives the Americans, and other participating nations in the peace-keeping force, access to two advanced air bases in the Sinai peninsula about 15 minutes flying time from the Saudi Arabian border.

The agreement, resulting from six months of arduous, intermittent negotiations, must be ratified by the respective Governments. Mr Michael Serner, the American chief negotiator, said today.

No deadline has been set, and no venue has been agreed on for the final signature, but the force, now estimated at between 2,000 and 3,000 men, including observers, should be in position, in eight months' time, at least 30 days before Israel completes its withdrawal from the peninsula it occupied in 1967.

The accord calls for a civilian American director-general, American observers and American-managed logistics. The United States is also to finance more than half the estimated \$900m budget for operations during the first year, but the bill later running at an annual \$50m, would be split equally among Egypt, Israel and the United States.

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More Collins' shares go to Murdoch

Mr Rupert Murdoch's News International has paid £83,000 for the stake in publishers William Collins held by Mr Robert Maxwell of Pergamon Press.

This adds to News' 31 per cent stake in Collins and its takeover bid is being increased from 200p per voting share to 225p.

The announcement was made in London last night by Mr Murdoch and Mr Maxwell. It followed a meeting at which they settled a dispute between News International and the British Printing Corporation over the printing of the Sunday Times colour magazine.

On Wednesday, Collins, one of the world's leading Bible publishers, issued a fierce rejection of the unwelcome £22.75m bid from News.

Independence for the 162-year-old Glasgow publishing house has been strongly supported by authors, booksellers and stationers, and employees worried by the disappearance of Scottish-based companies.

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Windfall tax concession gain for banks

The Government has yielded to persistent lobbying by bankers and made some important concessions on the windfall profits tax levied on the banks in the last Budget. The changes are expected to reduce the yield of the tax by around £25m to £37.5m.

The moves are specifically aimed at reducing the impact of the tax on smaller banks and on representations to the Treasury that some small banks could have their profits wiped out altogether. Hardest hit were expected to be National Girobank, the Co-operative Bank and Trustee Savings Banks.

Girobank, the Post Office subsidiary, had argued that it would have paid an estimated £10m in tax on 1979-80 profits of £9.5m.

The Government is now proposing that the exemption limit below which the tax would not come into effect should be raised from £10m of current account deposits to £15m.

Yesterday's concession will make little difference to the big clearing banks.

720 varieties still means failure The British baked bean heads for a soggy end

By Hugh Clayton, Agriculture Correspondent

Attempts to breed a British baking bean may be abandoned this year. Breeders have decided after eight years that they cannot produce a bean that will survive British weather and be of the shape, size and blandness demanded in canning factories.

Professor Lindsay Innes, head of bean breeding at the National Vegetable Research Station near Warwick, said: "This will be a make-or-buy year for the programme. Breeders have long been attracted by the prospect of producing a British bean to reduce the vast cost of buying the nation's entire stock of baking beans from areas of the United States where they can be grown in a gentle climate."

Dr Richard Hardwick, who presides over more than 3,000 plants of 720 bean varieties at the station, said: "It is a question of cosmetics, not of agronomics," he had bred many beans that were hardy and edible, but they were never of the shape and size most consumers' expectations about the contents of their bean tins.



"We have a variety which year after year gives very good yields," Dr Hardwick said. "But its seeds are brown and large, and they don't look like baked beans."

Visitors to the annual open day at the station tomorrow will be offered surplus seeds from Dr Hardwick's experimental bean plots to grow in their own gardens. "I want to spread them about a bit," Dr Hardwick explained. There would be no normal arrangements for those who accepted the seeds to record their results, but the station would like to hear of any notable successes in home gardens.

Scientists in British research stations believe that some of their best varieties may have a future in export. Meanwhile Government surveys of food consumption show that baked beans are more popular than other tinned vegetables, and that consumption is rising. Tinned baked beans, unlike such popular home-grown vegetables as peas, have no frozen rivals.

Staff at the National Vegetable Research Station keep a computerized catalogue of bean varieties that are available for export. The catalogue includes varieties abroad. In that way they have acquired varieties for experiment from many countries, including the Soviet Union.

SALT TALKS NEARER

Washington, June 25
Negotiations between the United States and the Soviet Union on limiting nuclear arms deployed in Europe will begin before the end of the year, the State Department said yesterday.

A date for the talks will be set when Mr Alexander Haig, the Secretary of State, meets Mr Andrei Gromyko, the Soviet Foreign Minister, at the United Nations in September.

External cuts savage, says BBC

By Kenneth Gosling and Julian Haviland

A long-term programme to improve the BBC's external services was announced yesterday. Seven of its 40 language services are to be cut.

In reference to the changes during question time in the Commons, the Prime Minister said it was thought better that some 33 language services were heard properly than that 40 were heard inadequately.

Also to go will be the BBC's transcription services. The BBC said last night the cuts were savage and it would do its best to persuade the Government to change its mind.

The new programme envisages relay stations fed by satellite by 1985, eight modern short-wave transmitters, regional in Britain by 1985 with the long wave-1987 and new relay stations for East Africa and the Far East.

Substantial plant replacement and a thorough modernization of Bush House, headquarters of external services, is also planned.

Mrs Thatcher was answering Mr Geoffrey Rippon, Conserva-

tive MP for Hexham, who told her she should be so reduction today in the immediate future of the BBC's overseas services, which were an essential part of British foreign policy.

In a statement outside the House, Mr David Ennals, Labour MP for Norwich-North, said the cuts were "petty but very damaging cuts" were a further serious blow to Britain's links with other parts of the world, when taken with cuts in overseas aid and in overseas students' fee increases.

The services to go if the cuts are implemented are broadcasts in French and Spanish for Europe; Italian, Portuguese for Brazil; Maltese, Burmese and Somali.

Pledging the BBC's opposition, Mr Douglas Murreridge, managing director, external broadcasting, said that this represented the seventh successive cut in eight years at a time when all major main international broadcasters were increasing the resources of their overseas services.

Describing the cuts as "savage" Mr Murreridge said the loss of eight services would undoubtedly endanger the worldwide standing and effectiveness of the external service. It was ironic, he said, that some of the new transmitters being planned were designed to carry in part the various services it was now proposed to close down.

The French, Italian and Spanish services had four and a half million listeners and carried a very good audience in Brazil. It was a "staggering service to cut". A Latin American foreign minister had visited Bush House that day and had been particularly appalled by the proposal.

Mr Murreridge said the saving next year would be about £3m and up to 200 jobs would be lost.

The transcription services, which supply tapes of the best British broadcasts to more than 100 countries, cost about £1m a year to run and provide work for more than 3,000 artists and writers.

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British coal exports set to reach 25-year record

Britain's coal exports this year are expected to reach 10m tonnes, their highest level for 25 years, and to generate foreign currency earnings totalling £300m. If met, the targets will represent a doubling of last year's exports, and also help to reduce the stockpiles held at British pits.

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Sikh nurse can wear trousers

The Government is expected to change the rules on nurses' uniforms after a Sikh girl won the right to wear trousers as part of her uniform. Miss Tjinder Kaur now informs the Punjab Health and Social Welfare Department in Richmond Area Health Authority.

Haig faces fresh controversy

Mr Alexander Haig, the American Secretary of State, is at the centre of a new controversy after a letter to the *New York Times* that he was dissatisfied with his country's handling of the United Nations Security Council motion criticizing Israel.

Compensation for prisoner

Compensation is to be offered to Mr John Preece, whose conviction for murder was quashed by the Edinburgh Appeal Court last week after he had spent eight years in prison. An interim payment is to be made while an assessor evaluates the case.

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EEC farm fight

Britain is unlikely to accept the European Community's new scheme to compensate it for financial losses under the Common Agricultural Policy. British officials say farm repayments reform must be linked with fairer budget contributions.

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Lord Grade is forced to mortgage the Muppets

By Bryan Appleyard

Lord Grade's Associated Communications Corporation has been forced to mortgage future profits from "The Muppet Show" and "Jesus of Nazareth" to pay for its massive losses on feature films.

ACC announced losses of £25.4m on feature film production and distribution with its annual results yesterday. The disastrous performance of "Raise the Titanic" and the poor returns from a crop of films including "Green Ice" were mainly to blame.

The losses were too much for ACC which had net borrowings of £74.9m at its last year-end. The company reacted by selling forward contracts for television programmes, mainly "The Muppets" and "Jesus of Nazareth" to American banks for £23m.

This was enough to hold the fall in the whole group's pretax profits to just £9m, leaving the figure of £25.4m for the full year. However, ACC lost £6.7m at the attributable level compared with a profit of £8.7m last year.

The figures shook the stock market, where the shares fell 11p to 47p. The share price has been supported for some time by speculation that there would be a takeover bid for the group by Australian businessman Mr Robert Holmes & Court.

He has built up a stake now believed to be near 10 per cent.

The problem at ACC began to emerge last December when it reported a 50 per cent fall in interim profits and cut the dividend.

In March the company raised cash by selling its subsidiary Ansafone, which makes telephone answering machines, for £13.5m, though it is now revealed that this deal reduced the company's net tangible assets by £4.5m.

ACC's television company, increased profits from £3.5m to £4.8m but ACC now faces the problem of cutting its holding to 51 per cent as ordered by the Independent Broadcasting Authority.

Last year's difficulties were compounded by a £4.6m loss from records and tapes, though this division is now said to be profitable after the closure of its record factory.

Commenting on the television deal, Mr Jack Gill, the managing director, said: "The Muppet Show" was a once-in-a-decade success like "Star Wars". He declined to say how much the company might have made if it had not been forced to sell the forward contracts, but one analyst estimated £30m over the four years.

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Left fails to rally TGWU behind Benn's campaign

From Paul Routledge, Labour Editor, Brighton

The vital block vote of the largest affiliate to the Labour Party still eludes Mr Wedgwood Benn after the Transport and General Workers' Union conference voted yesterday to defer a decision on the party deputy leadership.

TGWU leaders, given a free hand by conference delegates, are expected to cast the union's 1,250,000 vote for Mr John Silkin in the first round of polling in the election on September 27.

Left-wing militants who wanted the transport workers to be mandated for Mr Benn fell into a carefully prepared procedural trap which drew them into personal conflict with Mr Stanley Pemberton, the wily veteran chairman of the TGWU. Their challenge to his ruling that the conference should not discuss the leadership candidates attracted only about 20 votes out of more than 1,000.

Mr Pemberton ruled that motions demanding support for Mr Benn did not constitute an emergency because the branches which tabled them this week had had an opportunity to put forward an amendment to existing motions. The amendments already tabled on the topic fell because the motions to which they were attached had been withdrawn.

Yesterday's decision does not rule out eventual TGWU backing for Mr Benn. The controversy now goes in to a consultation exercise in the union's branches and regional councils before the executive council makes a recommendation to the Labour Party conference delegation, which has the ultimate say.

The political debate has overshadowed all other issues

Three facing charge of girl's kidnap

By Stewart Tandler
Crime Reporter

The chauffeur of the 12-year-old Saudi girl held for a ransom of £150,000, and two other men were last night charged with kidnaping.

The men were arrested after a secret operation by police freed Miss Reem al-Harithi, the daughter of a retired Saudi general and diplomat, as the money was about to be paid at a north London rendezvous on Wednesday. Miss al-Harithi disappeared on her way to school in west London on Tuesday morning, and police began a search for her under a news blackout.

Susamcha Karunaratna, aged 37, a Sri Lankan and chauffeur to the al-Harithi family, was charged at Paddington Green police station. Mr Karunaratna, of Luton, will appear in court today with Steven John Whitnall, aged 30, a dustman, of Harlow, Essex, and Yurek Prybylski, aged 33, unemployed, also from Harlow.

Yesterday Mr Shadi Soubra, the Lebanese businessman who handled many of the negotiations to free the girl, said: "She is fine and recovering from the ordeal. We would like to thank the British press for helping us and the police."

Miss al-Harithi was due to attend the wedding, but she spent much of the day being interviewed by police.

LABOUR'S PLANS TO QUIT EEC

Mr Dennis Davies, Labour Party spokesman on Europe and MP for Llanelli, launched a pamphlet yesterday which claims to have worked out how the party would withdraw from the EEC.

He said that withdrawal would be an integral part of Labour government policy if they won the next election.

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SALE NOW ON



Sir Rupert Mackeson: Charges dropped

Baronet's extradition illegal

Sixteen charges of fraud against Sir Rupert Mackeson, a member of the Mackeson brewing family who worked as a teacher in Zimbabwe, were dropped yesterday when two judges ruled that he had been extradited illegally.

Sir Rupert, aged 39, was flown to Britain in April last year to face charges of obtaining cheques and services by deception.

Mr Louis Blom-Cooper QC, for Sir Rupert, said moves to bring Sir Rupert to Britain were initiated with the illegal regime in Rhodesia before the introduction of direct rule. There was no extradition treaty with that regime.

He told Lord Lane, the Lord Chief Justice, and Mr Justice Davies, sitting in the Queen's Bench Divisional Court, that Sir Rupert had been unlawfully returned to face the charges, which should be dropped.

The judges rejected arguments from the Director of Public Prosecutions that Sir Rupert had been deported, not extradited—an interpretation that would have removed the obstacles to his prosecution.

Lord Lane said the Metropolitan Police, who sought the baronet's return, had asked for "disguised extradition". He added: "The police, no doubt in an excess of enthusiasm and certainly not due to a conscious intent to do wrong, have transgressed the line."

Deportation by the African authorities because they considered Sir Rupert to be an undesirable resident, having allowed charges to be brought against him when he arrived in Britain. But there was evidence that the real reason for his flight home was a back-door extradition request by the police, Lord Lane said.

Sir Rupert, who lived in Portman Square, Marylebone, London, before he left Britain in 1977, had been on bail set at £150,000 by Bow Street magistrates.

Three facing charge of girl's kidnap

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SALE NOW ON

The Scarman inquiry

Police in riot made repeated calls for help

By Lucy Hodges

The Scarman inquiry into the Brixton riot heard the full details yesterday of the police radio messages which showed a chief superintendent calling repeatedly and increasingly desperately for help as his 60 men were attacked by 300 black youths.

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Science report

By the Staff of "Nature"

Was early man a hunter, or a scavenger like the hyena? Did he, in fact, eat meat at all? A study of the scratches on bone fragments at two ancient sites is beginning to yield the answers: yes, man did eat meat; and while in one case, 1.8 million years ago he got his meat before the other carnivores, most of the time he was last on the scene.

The sites were in Africa: Olduvai Gorge in Tanzania, and Koobi Fora in Kenya, where archaeologists have found hundreds of pieces of fossil animal bone jumbled up with stone tools at times between 2 million and 1.5 million years old. But until now nobody has been certain about how these bones came to be broken.

Two young American archaeologists, Henry Bunn of the University of California at Berkeley and Richard Potts of Harvard, have independently devised methods of identifying stone tool cut marks on bone. They are distinguishing them from a variety of other shallow scratches made, for example, by carnivore teeth, gnawing rodents, growing plant roots and waterborne and windborne rock particles.

Bunn used mainly strong light and the naked eye. Potts and Pat Shipman, a palaeontologist colleague of Johns Hopkins University, Baltimore, used the scanning electron microscope. They refined that technique to such an extent that they could distinguish even different types of tool use, such as slicing, scraping and chopping, on the Olduvai bones.

What they found was that many of the Olduvai bones had both tool cuts and carnivore scratches on them, indicating that man was competing for carcasses with other animals.

Who killed the prey first, though, was not so easy to tell, although in one case carnivore bite marks were clearly superimposed on tool scratches, indicating that man got there first at least once. In most cases the scratches appeared to be the other way around, so early man may have scavenged more than he hunted, though the cautious Bunn and Potts are not jumping to conclusions.

Nature, August 28, pp 574 and 577 (11 June 1981).

£8m FOR OFFSHORE RESEARCH

By Pearce Wright
Science Editor

Seven grants totalling more than £8m for two-year research programmes in marine technology have been made by the Science and Engineering Research Council to universities.

The Cranfield Institute of Technology receives £357,000 for work on welding and the behaviour of materials in the ocean. Glasgow University receives £946,000 for work that includes the examination of offshore structures under harsh conditions.

A programme costing £1,498,000 at Heriot-Watt University includes the development of a free-swimming underwater vehicle, the safety of tankers and studies of oil well damage.

An award of £2,437,000 to Imperial College London, is for a combined programme with University College London, pioneering new structural forms and methods of construction, designs, maintenance and repair of offshore buildings.

Newcastle University has £565,000 for marine transport and seabed projects, and a special method of underwater inspection and maintenance is part of Strathclyde University's £530,000 grant.

A collective award of £1,930,000 to Manchester University on behalf of the North West Universities Consortium, covers political, legal and economic aspects of offshore development.

A training for life

Running a home and looking after yourself seems easy when you learn how from parents. But to a child who has grown up in residential care it can come as a sudden and very frightening step. To help, we have small units where three or four teenagers can learn how to lead their own lives with support and guidance from staff in budgeting and housekeeping. This way, when they leave us to go out on their own, they can do so in confidence. Help us to help them. Send a donation to:

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Sikh girl wins the right to train as nurse in trousers

By Frances Gibb

The Government is expected to change the rules for the uniform worn by nurses after a Sikh girl yesterday won the right to wear trousers as part of her uniform.

Miss Tajinder Kaur, aged 19, who wants to train as a nurse with the Kingston and Richmond Area Health Authority, withdrew her application at the Court of Appeal yesterday after the authority agreed to allow her to wear grey trousers and a white tunic.

She had been seeking leave to appeal against a ruling of the Employment Appeals Tribunal in June that the authority was not guilty of an offence under the Race Relations Act, 1976, by refusing to allow her to wear trousers, in accordance with Sikh custom, with her uniform on a course as a trainee nurse.

Miss Kaur, who has been offered a place in the next training course starting on October 18, said yesterday: "I am very happy with the outcome. But I would have preferred not to have gone through with all this. After a year's delay in my career, we have arrived at the solution which I proposed in the first place."

The General Nursing Council last year had asked that what the Department of Health and Social Security to change the rules under the Nurses Act, 1957, so that instead of all the stipulations on dress, an area health authority could decide what uniform was appropriate. It is confident the recommendations will be accepted.

Mr Reginald Pine, acting registrar of the council, said: "We are very pleased about this decision, which will enable this girl to enter the nursing profession."

The council has been aware, some time employers had been ignoring the rules. But there had been no problem until the ruling of the tribunal. He said: "In effect, that meant that health authorities all over the country were in the wrong."

The rules, which had been laid down by the council, were out of date. They stipulated, for instance, that nurses should wear tricorne hats with a "cockade embroidered device".

Supported by the Commission for Racial Equality, Miss Kaur took her case to the Court of Appeal on Monday. Although Lord Justices Lawton and Shaw indicated that they would grant leave to appeal, a decision was reserved pending a meeting on Tuesday of the authority.

Lawyers for the authority said yesterday that a resolution had been passed that "where an applicant of any grade of nursing is unable to comply with the wearing of the standard uniform—because of cultural or religious reasons, the individual's request will be considered sympathetically. Normally an issue of grievance and a white tunic will be provided by the authority in place of the standard uniform."

Mr Geoffrey Bindman, solicitor for Miss Kaur, said he was delighted. If the tribunal ruling had stood, Miss Kaur would not have been able to enter her chosen career. "This was a clear case of indirect discrimination, even if unintentional."

Civil Service pay

Board of doomed unit still backs comparability

By David Felton, Labour Reporter

The Civil Service Pay Research Unit, which is expected to be wound up at the end of the year, was established in 1956 after recommendations of the Priestley Royal Commission into Civil Service pay.

Priestley said the overriding aim of the Civil Service pay system should be the "maintenance of a Civil Service recognised as efficient, and staffed by members whose remuneration and conditions of service are thought to be fair, both by themselves and the community they serve."

The unit, which operates from Westminster and employs about 70 specialist staff, mainly seconded from the Civil Service, collates information on the pay of jobs comparable with Civil Service grades in outside industry.

The Government instructed the unit not to release the results of its pay surveys last year, which would normally have been used in this year's negotiations, because the Cabinet had decided that cash limits should determine this year's increase.

Union leaders tried unsuccessfully in the High Court to be allowed to see the reports, which they believed showed Civil Servants were owed increases of between 15 and 20 per cent to catch up with their counterparts in the private sector.

The unit has been the starting point for pay negotiations in the Civil Service since Priestley, except during periods of incomes policies. The Pay Research Unit Board was established in 1977 by the Labour government to make the unit more accountable to the public.

There had been much criticism of the unit's operations, in particular there were suspicions that the jobs in the private sector user for comparison were chosen to benefit Civil Servants' rates of pay.

As a trade-off with the unions for reintroducing the pay research system, which had been suspended during the social contract with the trade union movement, the Callaghan administration insisted on having an independent board oversee the pay research unit's operations.

Lord Shepherd, a former Labour minister responsible for the Civil Service and present chairman of the National Bus Company, was appointed chairman of the board although he was not the first choice proposed by Downing Street.

The Callaghan administration wanted a chairman with experience in industry and suggested that perhaps a former chairman of a big manufacturing company could be approached to take on the job. That met with hostility from the Civil Servants, who said that an industrialist's approach to manning levels would not be appropriate.

Lord Shepherd was suggested and because he was popular with the unions and was a former Labour minister, Mr Callaghan would have had great difficulty in vetoing his appointment.

Yesterday's annual report from the board suggests that there is still a place for comparability in any new pay system which may be devised in time for the 1983 negotiations, and indeed Lord Soames, Lord President of the Council, has told the unions that comparisons with pay outside the service would be a feature of next year's negotiations.

In spite of this, Mrs Margaret Thatcher has made no secret of her distaste of comparability as shown by the decision to scrap the Clegg Comparability Commission for the public services.

SOUTH-EAST ITV SWITCH

After canvassing viewers in the Tonbridge and Tunbridge Wells areas of Kent, the Independent Broadcasting Authority is to attach the local relay transmitter at Pembury Hill to the South and South East ITV region from January.

The transmitter forms part of the London region but the IBA found the majority in favour of seeing the South-east local programme service, to be provided by Television South, the contractors appointed to succeed Southern Television for the new enlarged area.

WOMAN OF 92 ATTACKED

A woman aged 92 was recovering in hospital yesterday after the latest in a series of attacks on the elderly in Liverpool.

An intruder pulled a cloth over her head and flung her to the floor before searching her house for valuables.

He ran off when the woman's screams attracted neighbours. The intruder was described as a black man of about 30. He has been charged with robbery and has caused public outrage, and have been condemned by Mr Kenneth Oxford, Chief Constable of Merseyside.

Moonies to send Britons home

By Our Religious Affairs Correspondent

A scheme to bring young British members of the Unification Church, known as the Moonies, back from the United States to restore family relationships has been agreed by church leaders there and in Britain. The church has also agreed that recruits should finish their education in Britain before rejoining the movement in the United States.

The first case under the scheme concerns a former pupil at Marlborough College, Wiltshire, who has a university place waiting for him in Britain. He is expected home on Monday, according to an agreement made with Dr Rose Durst, the American head of the Unification Church who is based in New York.

The scheme is the culmination of months of strenuous effort by two members of the staff at Sevenoaks School, Kent, the Rev Peter Hullah, the chaplain and Mr Casey McCann,

housemaster of the school's international centre. They say the church has at last recognized the damage to its reputation in Britain caused by the distress of parents whose teenage children join the church, abandon their education, and as far as their families are concerned, disappear.

Mr McCann has visited New York and California several times, initially to investigate what had happened to two former Sevenoaks pupils. They had joined the Unification Church and withdrawn from their university courses without explanation. He eventually persuaded them to see their parents and return to Britain. One has left the church.

Word of Mr McCann's efforts became known and further cases were referred to him and Mr Hullah by other schools. They have details of about 30. They have details of the total number of such cases may be



Setting the wheels in motion for Ride a Bike Week

Photograph by Jonathan Player

A tricycle made for two: Cyclists on a fun ride in Hyde Park, London, yesterday to mark the launch on Sunday of national Ride a Bike Week which

coincides with the week-long International Festival of Cycling at Harrogate. The Labour administration at the Greater London Council has

ambitious plans for cyclists and is expected to set up a cycling unit with a budget of £2m a year to establish special bicycle routes.

Pay action has lost BA £40m

By Arthur Read

Strikes by air traffic controllers in support of the Civil Service pay dispute, now in its ninth week, have cost British Airways £40m and a serious loss of confidence among the business community.

Mr Roy Watts, chief executive of the state airline, said yesterday:

"He said that if the dispute continued until the end of August, 'after taking into account savings such as fuel costs made by not operating, the loss would reach £50m.'"

British Airways, which is thought to have lost at least £100m during the last financial year hoped to return to profitability this year. But the continuing dispute could keep the airline in the red.

Mr Watts said yesterday: "It is especially sad coming at the beginning of a new financial year that was beginning to show a glimmer of a pick-up of traffic."

Although British Airways has in fact lost only 5.3 per cent of its services because of the strikes, it and all the other British airlines operating scheduled services have become victims of a loss of confidence among the business community.

The Civil Service unions normally give only 24 hours' notice that they will withdraw their members from a particular airport or air traffic control centre. "To avoid being stranded many executives are travelling by chartered aircraft, train, car or boat, or are doing business over the telephone."

In fact, the airlines have become adept at rescheduling their flights as the weeks have passed, although one chief of operations said yesterday: "This has only been done at the cost of gallons of a well-known product which covers up grey hair."

Most airlines have established committees that notify passengers of delays before they leave for the airports, and arrange for buses to meet diverted incoming flights and for replacement airlines to be brought up to take the place of those held up overseas.

Airports such as Hurn, Bournemouth, and Stansted, Essex, have seen a sudden increase in traffic as airlines have switched flights while air traffic controllers at Heathrow are on strike. Some pilots have had to take circuitous routes using airspace controlled by local authority air traffic controllers who are not involved in the dispute, and by the Services.

British Caledonian Airways said yesterday that its losses attributable to the strike have reached £2m. Laker Airways said it was impossible to estimate losses at this stage, but re-routing meant each flight across the north Atlantic was taking an average of two hours longer.

Aid sought as egg prices drop sharply

By Our Agricultural Correspondent

Chicken farmers called for government aid yesterday as egg prices fell sharply for the first time in a year. Farmers blamed cheap French imports for the drop and said they were also threatened by imports of cut-price French poultry meat.

Mr Douglas Thow, secretary to the livestock committee of the National Farmers' Union, said members feared that eggs were not being inspected

thoroughly at ports and might be labelled as English when they had come from France.

Ministers have been advised by a team working under Sir Derek Rayner, the Prime Minister's consultant on waste, to cut the number of state egg inspectors by about a third from its present total of 41.

Mr Frank Powell, marketing director of the Goldenlay

cooperative of farmers, said: "Once you put a tray of eggs out on a market stall, and you put Farm Fresh Eggs on them, who is to know where they come from?"

His group, which is the largest egg marketing organization in Britain, announced changes that will lead to price cuts in shops of 3p a dozen on the largest eggs and 6p on the smallest.

Barlston Hall repairs ordered

By John Young

Mr Michael Heseltine, Secretary of State for the Environment, is to use his reserve powers to order immediate repairs to Barlston Hall, Staffordshire, a Grade 1 listed building. It is the first time such action has been taken by a minister under the Town and Country Planning Act, 1971.

The house is owned by Josiah Wedgwood & Sons Ltd, the pottery group and is attributed to the eighteenth century architect, Sir Robert Taylor. It has been empty for nearly 30 years, and Wedgwood have twice applied to demolish it. The second time was only three months ago when it was alleged to be dangerous because of subsidence.

The company, which a few years ago refused the offer of a £100,000 grant from the Historic Buildings Council, will be expected to meet the bill for the repairs.

In a statement yesterday it said that the implications of Mr Heseltine's action required most careful consideration, particularly in the light of our application for consent to demolish this highly dangerous building.

"It would seem to us to be more sensible to await the outcome of the Secretary of State's decision on demolition before embarking upon what is bound to be an expensive structural building project."

Conservationist groups reacted with predictable pleasure. Mr Jeremy Benson, chairman of the Georgian Group, said he was delighted. Mr Marcus Binney, chairman of Save Britain's Heritage, hoped Mr Heseltine would follow up his action with compulsory purchase of the building for a minimal sum which would reflect its poor state.

However, unless the Government decides to buy it or a private purchaser can be found, it appears that a public inquiry will still have to be held into the latest application for demolition.

House of Wedgwood, page 16

Methodists report rise in roll to two million

By Clifford Longley

Opinion in Britain towards institutional Christianity had changed considerably in its favour in the recent past, Dr Kenneth Greet, president and secretary of the Methodist Conference, said in London yesterday.

"There is no doubt about a turn in the tide for British Christianity generally," he said. "There is an increase in theological competence, and very much less negative slanting of the church as an institution, with recognition that, for all its faults, we can use it."

There had been a steep upwards turn in the graph of candidates offering themselves for the ministry year by year, and many of the churches were beginning to experience a growth.

He was commenting on the agenda and reports for the Methodist Conference, which starts at the end of this month. The latest returns show a considerable decline in the rate at which Methodist figures had been falling, the loss for 1980 being the smallest since 1965.

In the past three years there was a progressive increase in the number of Methodist baptisms. In 1980, for the first time in years, the church gained more members than it lost by death.

The "Methodist community", including regular church attenders and those wishing to be counted among the church's supporters through the community roll, was estimated on November 1 last year at two million, the report to the conference on ministry says.

The most contentious item on the agenda, judging from resolutions sent from local groups, is likely to be the proposed new Methodist hymn book.

The conference will be urged to give its provisional approval to the covenant with the Church of England and other churches, and will debate the manner in which Methodism should incorporate a system of bishops into its structure.

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— children as well as adults — and non-profit-making organisations, such as charities, trusts, religious bodies, universities and schools, pension and welfare funds, trade unions, Forces funds, voluntary bodies, etc. Read all about it in the NSB leaflet. Free at your post office.

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 (13.5L/100km); Constant 56 mph: 33.6 mpg (8.4L/100km); Constant 75 mph: 26.4 mpg (10.7L/100km).
 at time of going to press. Citroën Cars Ltd., Mill Street, Slough SL2 5DE. Tel: Slough 23808.



"PHOTOGRAPHY IS A MAGIC THING... NOTHING WILL EVER BE AS MUCH FUN."

Jacques-Henri Lartigue, aged 7

Photographers tend to disagree about everything, particularly photography.

They'll spend hours arguing about what they see as black and white.

Mention the pictures of Jacques-Henri Lartigue though, and they'll voice their respect as one. He is a true doyen. The photographer that all others take their hats off to.

As for Monsieur Lartigue, he dismisses his celebrity with a refreshing sense of perspective. "Recognition lets me ride in fancy cars" he laughs, "it is very nice but not important."

What is important to him is his photography.

It has been ever since the summer's day in 1901 when, as a boy of seven, he led his mother and father into the garden, plucked the cork from the lens of his plate camera and counted three. That night he scribbled excitedly in his diary the words you see above.

It's extraordinary enough that he should have started taking pictures at such a tender age, even more remarkable though is the fact that he is still taking pictures today.

But take pictures he does, mostly with his Olympus OM2.

Why an OM2? Do the technical capabilities help him take better pictures?

"No not at all," he patiently explains, "in a sense the camera is incidental to the picture. The picture is taken with the eye... the heart. The most advanced camera in the world will never replace this."

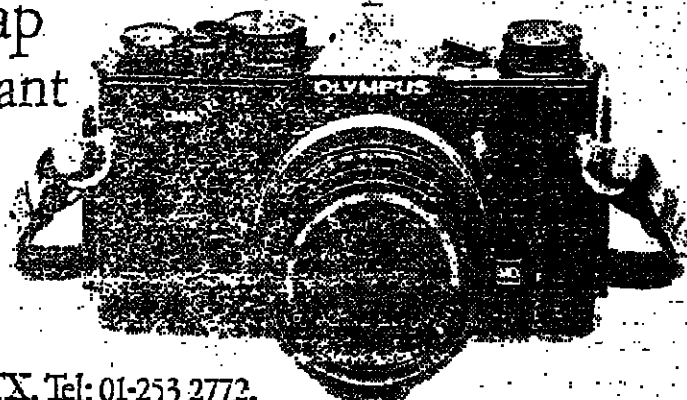
That said, I enjoy working with the OM2 because it is light, small, and quiet - very pleasing characteristics.

In essence though, all I ask is that a camera be as obedient as a magician's prop, so far my OM2 has been."

If you'd like to see the kind of magic Lartigue has been creating recently, you have a rare opportunity. From 23rd June to 31st July, (with the exception of 29th July) Monday to Friday, between 10 and 5.30 there will be an exhibition at the Olympus Cameras Centre, 151 Piccadilly, London W.1. The show, called Contemporary Lartigue, features 39 of his latest prints.

When David Bailey saw them, he was more than a little impressed. "They'll probably be around for ever" he said, "only he can turn a snap into a work of art." If you want to see what he means, you won't miss the exhibition.

OLYMPUS



Chatham to close in defence shake-up

STATEMENT

The manpower strength of the Royal Navy is to be cut by between 8,000 and 10,000 by the end of 1984 and the Army by 7,000 under the major reorganisation of Britain's defence forces outlined in the Commons today in a statement by Mr John Nott, Secretary of State for Defence.

Mr Nott announced that the base dockyard at Chatham would be closed to close 1984 and work at Portsmouth dockyard would contract severely although the naval base would be retained.

Subject to final negotiations, a new agreement for the joint manufacture of the AV199, the advanced Harrier, between the United States of America and the United Kingdom, would be signed today. The agreement would close 1984 and there should be about £1,000m of work for British industry.

There would be five more nuclear powered attack submarines and the announced order for the next four costing £177m had been placed today with Vickers at Barrow.

As for surface ships, it was intended to go ahead with existing orders for 20 new warships valued at £2,000m and would place the order for a further Type 22 anti-submarine frigate costing £125m with Vickers at Barrow.

The Ark Royal would be completed but the carrier Hermes would be phased out.

Mr Nott said: "The Government has reviewed the defence programme; and a full account of our conclusions is contained in a White Paper."

The Government intends to honour the NATO aim of 3 per cent real growth in defence expenditure, but to do so it must take a firm decision now to plan to implement the increase until 1985-86, a full four years beyond the published plans for public spending generally.

This may mean that defence absorbs an even greater share of the gross domestic product, and while it will be necessary to curb several of our forward plans and aspirations, the additional funding would enable us to enhance our front-line capability above its present level in many areas.

The House knows of our basic problems, which are not unique to Britain. We have a defence programme which is unbalanced and over-extended. Last year we asked for more money to buy more tanks and similar difficulties are already emerging in the current year.

We cannot go on like this. We have no choice, the power must be used to bring about a better balance between the various components of our effort—front-line numbers, quantity and quality in equipment, and military and civilian support.

And we must determine this balance in terms of real defence capability, rather than the outcome of a debilitating argument over each Service's budgetary share.

We have looked first at the defence of the United Kingdom itself especially in its role as a crucial reinforcement base for NATO.

Some time we have felt the need to give greater emphasis to our reserve forces. For the Territorial Army, whose readiness and efficiency were vividly shown in the Falklands, I intend a progressive increase in numbers of some 16,000 men and women and there will also be a major restructuring days from 38 to 42 years.

We will order new mine-sweepers for the Royal Naval Reserve as soon as resources permit and we will expand the use of the Air Force Reserve reserves in airfield protection.

In United Kingdom air defence—a priority requirement—we will sustain all the programmes already in hand, including the Nimrod early warning system and the doubling of modern air-to-air missiles.

As a new enhancement we will provide Sidewinder air-to-air missiles for the Royal Naval Reserve, making 72 Hawks in all available to supplement our fighter force; we will run on two Phantom squadrons instead of phasing them out as has been planned when the air defence version of Tornado comes in; we will examine the possibility of switching 20 Tornados to the air defence.

As for surface ships, it was intended to go ahead with existing orders for 20 new warships valued at £2,000m and would place the order for a further Type 22 anti-submarine frigate costing £125m with Vickers at Barrow.

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rather than the strike version; and we will substantially increase the VC10 tanker fleet which multiplies our fighter force by prolonging patrol time and range.

Around our coasts, we will increase our capability to counter enemy mining, and we have set aside funds for enhancing our defensive mine capacity to help secure our ports and maritime routes.

I turn next to our major land contribution to the Common Market. BAOR's manpower, which is above our Brussels Treaty commitment of 55,000 men, will remain in Germany on our full present combat fighting strength of eight brigades and our responsibility for the defence of a vital 65 kilometres of the central front.

We intend however to withdraw from Germany one divisional headquarters and other supporting staff with a consequent reduction in the number of locally employed civilians. We will also cut other necessary economies, which will enable us to move over the next five years towards a slipstream of regular Army of 135,000 trained men, 7,000 less than at present, but partly balanced by the increase in the Territorial Army.

Suggestions have been made, I know, that we should go for a much greater reduction in our troops in Germany. But quite apart from the fact that this would be to perform our task of defending 65 kilometres of the central front, it would be much more expensive to bring the troops home, because we simply could not house or train them here without a massive new infrastructure programme.

Joint manufacture of new Harrier

Only disbandment would relieve our budgetary pressures and we cannot prudently cut our army below certain minimum levels.

But the small reduction in regular army manpower which I propose will help us to afford, as is our policy, the very wide range of re-equipment projects now envisaged for BAOR.

The scale or timing of some of the projects, which are modelled, partly to restrain costs but mainly to provide for a further increase in war stocks and ammunition, to improve our command and control, to stay in power, of 1st British Corps, which will be substantially enhanced.

We plan for instance to increase further the buy of Milan anti-tank missiles.

The Challenger tank will equip four armoured regiments. New night sights for missile systems and other improvements will be made both to the present Chieftains and in due course to Challenger.

We will bring into service the new Warrior armoured personnel carrier to enhance Army logistic support and mobility.

We shall introduce the tracked vehicle for the TOW anti-tank system and the TOW anti-tank missile launched from Lynx helicopters.

I am glad to announce, subject to the negotiations we should shortly be signing in Washington, an agreement with the United States Government for the joint manufacture of the AV199, the advanced Harrier. This has turned out to be an agile and effective aircraft, with a substantial weapon-carrying ability and we intend to order 60 aircraft for close air support.

Within the total Anglo-American programme of some 400 aircraft we are looking for a 40 per cent share for the Royal Navy and a 75 per cent share for the Royal Air Force on the engine. There should be something like a billion pounds worth of work for British industry, the bulk of it for export to the United States.

I have decided that we cannot afford early replacement of the Jaguar, though possibilities remain open for new combat aircraft in the longer term, perhaps through international collaboration.

On the other hand, we must exploit our investment in Tornado—some £10,000m at current prices. We will continue with the J723 system for neutralising enemy airfields and we shall seek also to

acquire new weapons to equip Tornado in an anti-armour role and for suppressing enemy air defences.

At sea, the Royal Navy will continue with the key task of providing a strategic nuclear force by the modernisation of the Polaris fleet with the Trident system. We have maintained one Polaris boat on station continuously for the past 12 years.

One Trident submarine, invaluable to any aggressive attack, will carry up to 128 independently targeted warheads which can hold at risk targets over a vast area of the Soviet Union. No submarine of our conventional forces could possibly prove of equal deterrent value. In a world where nuclear weapons cannot be destroyed, it is the United Kingdom's surest way of preserving peace.

But we must also keep strong the three conventional elements of power at sea.

In maritime air, in addition to the three Nimrods, making 34 in all, to the full Mark II equipment standard, which is at least a leap in advance of the current Mark I, the Mark II was over the Shackleton. Armed with our Sting Ray torpedo the Mark II will have a striking power against submarines.

We will proceed with a new stand-off anti-sub missile to be delivered by the Nimrod, which we will keep on for this task—or by Tornado.

Subject to the satisfactory completion of contract for the new Sea Eagle anti-air missile, we will increase our fleet of nuclear-powered attack submarines, heavily equipped with the present twelve to seventeen; I have today confirmed the order with Vickers for a further three submarines at a cost of £177m.

We will also proceed as fast as possible with a new and more effective class of diesel-powered submarines; these should also have a market overseas. We will acquire a new heavy-weight torpedo, our new boats, and are considering alternative British and American designs for this.

Overall our maritime air and submarine capability will be much enhanced.

As regards surface ships we will go ahead with all the very large orders—20 new warships, to be completed by the end of 1984. We have made specific provision in our programme for the extra costs of such deployment.

We are continuing with four plans designed to give us a command to plan out of area contingency tasks; for providing an extra stockpile of equipment for the Royal Naval Reserve; for the equipment needed for coordinated assault by parachute troops.

As regards support, the change in policy on refuelling has been decided earlier will mean that we cannot justify keeping a dockyard organisation of its present size.

I regret to inform the House that the base dockyard at Chatham will have to close in 1984; work at Portsmouth Dockyard will contract very severely, though the Naval base will be retained; and consideration will be given to alternative ways of fulfilling the Government's obligation to the Royal Naval Reserve. If it is decided that the dockyard work there cannot be kept up indefinitely.

We shall consult closely with the Gibraltar Government about the best deal with the situation.

Much more naval training will take place at sea, and there will be a reduction in shore-based fuel depots. Overall civilian numbers in the Ministry of Defence will fall by between 8,000 and 10,000 as a result of all our measures.

Our total workforce will in due course be reduced to 200,000. Redundancies will, I am afraid, be inescapable.

I have described to the House the main thrust of the defence programme and the substantial enhancement of our front-line capability in very many areas, but with a major reduction in the supporting infrastructure of defence.

Ark Royal to be completed

Second we only maintain our surface fleet at its present full strength through a continuous programme of refits and major mid-life modernisations of older vessels, which is a huge and costly dockyard infrastructure.

Typically it can now cost over £70m to modernise an old Leander frigate which is actually more expensive than the cost for the new Type 23 frigate.

If we are to be able to build new ships in our shipyards and still other priority defence tasks, we simply cannot afford to sustain

which is not only inhibiting the potential young tenant farmers, but inhibiting to the landowners, some of whom are large corporate landlords, who are not doing more to help young farmers.

Mr Walker: When two years ago we took office we found there were firm proposals advocated by the representatives of the landowners as to what legislation should take place. The Government took the view that there was no way we would proceed with the legislation there was not the agreement of the NFU and the CLA.

NCB in talks on heating of glasshouses

The Government was having talks with the National Union of Glasshouse Growers (NUGG) to see what could be done over heating for the glasshouse industry in the Yorkshire area. Mr Peter Walker, Minister of Agriculture, Fisheries and Food, said during Questions.

Mr Stephen Hastings (Mid-Redfordshire, C) said it was clear that the Dutch Government was determined to dominate the market in Northern Europe by any means fair or foul.

The Minister should consider the imposition of countervailing duties on the glasshouse sector was to survive.

Mr Walker: We want to see if there can be improvements made in capital grants and if it can be used for glasshouse heating in that area on an economic and sensible basis.

Already some power stations supply heating for the glasshouse industry. There are a range of measures being examined at present.

In fairness to the Dutch Government, they had recently put up gas prices and the Government would be reluctant to put up with that. If they did, it would be wrong and the Government would have to consider what action the Commission and the Government would take.

It was important not to enter a war of countervailing duties which could do considerable damage to the United Kingdom trade in Europe and the industry here.

But I am not (the said) going to use them irresponsibly.

Walker: Bipartisan approach sought

Mr Walker: I do not think that is an accurate description. As yet there is no Conservative legislation. I have not accepted these proposals. I have asked that we should have a detailed examination of every one of the proposals and of the consequences that would result.

I have not come to a conclusion on the form the legislation would take.

We want to see opportunities for young people to enter the industry, we also want a basis for tenants which will be both effective and sensible.

Sir William van Straubensee (Wokingham, C) There is a need for many quarters behind the scenes in the hope that we shall be able to get away from the rigidity of the present law

have come to us calling for urgent action were the young farmers clubs, many of which would like to be merged at present are unusable.

Existing tenants and tenants of the future should have a basis which are satisfied and agree upon. All of us who are interested in the future of British agriculture should examine these joint proposals carefully.

Mr Gavin Strang, an Opposition spokesman on agriculture (Northampton, E) said the agreement as presently constructed envisaged the transfer of land to the tenant farmer, but the tenant farmer would have the right to succeed the tenant farmer on his own terms and the tenant farmer would have no right to follow the deceased tenant farmer.

Mr Walker (Worcester, C) said that the Secretary of State for Wales (Mr Nicholas Edwards) and himself had met the presidents of the NFU and the CLA earlier this month to discuss the joint proposals of the union and the association for changes in the agricultural holdings legislation. There was a constructive discussion, in particular on the importance of improving the opportunities for young farmers to enter agriculture.

Mr Thomas Toney (Bradford, South, Lab) If these proposals were carried out legislative form they would result in a classing of tenant farmers—one with succession rights and the other without.

Mr Walker: I hope before MPs on either side come to firm conclusions on this, they will realise that the majority of tenants and the majority of landowners agreed a balance of proposals which they considered were good for the industry.

We should carefully examine these proposals and try to come to a solution which is good for the industry.

Mr John Mills (Maiden, C) There is a burning need to help young farmers to obtain opportunities in farms. There is also a need for a bipartisan approach to give stability to young people's future in farming.

Mr Walker: This is an important aspect. Almost the first people to

take place as far as possible by mutual wage. I cannot exclude some redundancies because it is essential that we keep the balance of the forces correct, and that we have a good balance of recruitment and professional skills within the forces.

He said: The question of funds available and what we can afford to have been the subject of debate, yet in no particular did Mr Nott mention the Government's proposals.

How much is all this exercise going to save, as compared with the published programme of the Conservative Government? The Labour Party is going to be saved next year, up to the year 1985 and up to the end of the decade when Trident costs will start to build.

What percentage of the gross domestic product does he envisage defence having in the programme? He said: It might need a high percentage. Given that under the Conservative Government the GDP is not likely to rise in the next year, how much of the GDP which is available is going to be taken up by defence?

Mr Nott said: The programme that appeared to be a reduction of 50 to 55 ships, but he will know that the gross number of ships in the Navy will be reduced to 100 ships. How many ships are in the front line and how many in reserve.

Will 50 or 55 ships be enough to do the job? He said: It will be enough to do the job, but it will be put in a mothball to be called if necessary, or to be used in a contingency.

What are his plans for the 7,000 workforce and their re-employment? He said: It is a difficult question. It is a difficult question. It is a difficult question.

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There were grave implications for the nation's defence in the statement just delivered by Mr Nott, Mr Brynmor Jones, chief Opposition spokesman on defence, said when questioning the Secretary of State for Defence.

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In consultation with the United States Secretary for Defence about these changes, we have decided to reduce the number of ships in the Royal Navy to 100 ships.

We envisage resuming the deployment of the Royal Naval Reserve, sometimes around destroyers or frigates—for substantial periods of visits to exercises out of area. We have made specific provision in our programme for the extra costs of such deployment.

We are continuing with four plans designed to give us a command to plan out of area contingency tasks; for providing an extra stockpile of equipment for the Royal Naval Reserve; for the equipment needed for coordinated assault by parachute troops.

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Much more naval training will take place at sea, and there will be a reduction in shore-based fuel depots. Overall civilian numbers in the Ministry of Defence will fall by between 8,000 and 10,000 as a result of all our measures.

Our total workforce will in due course be reduced to 200,000. Redundancies will, I am afraid, be inescapable.

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We envisage resuming the deployment of the Royal Naval Reserve, sometimes around destroyers or frigates—for substantial periods of visits to exercises out of area. We have made specific provision in our programme for the extra costs of such deployment.

We are continuing with four plans designed to give us a command to plan out of area contingency tasks; for providing an extra stockpile of equipment for the Royal Naval Reserve; for the equipment needed for coordinated assault by parachute troops.

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Kania backs hardline candidates in poll

From Dossa Trevisan
Warsaw, June 25

Mr Stanislaw Kania, the Polish Party leader, has given his personal support to all hardline candidates to ensure their election to the party congress scheduled for July 14.

Yesterday he appealed to the party conference in Poznan to accept the nomination of several personalities who previously were not selected at lower party level.

Today he travelled to Katowice, the capital of Silesia, to help in the reelection of Mr Andrzej Zabinski, the first secretary of the region, who is facing several rival candidates. Mr Kania today commended him personally for the post but, at the same time, he said that it was up to the electorate to decide as to the Poliburo can only recommend and not decide.

Mr Kania's new image is increasingly self-confident since an attempt was made to unseat him during the last Central Committee meeting earlier this month.

His personal standing has been enhanced and he has now emerged as a politician who knows the rules of power politics, and a man who is also winning the party's way.

This is especially important at election time when some of the controversial figures associated with a more conservative line are being reluctantly accepted to the party rank and file.

Katowice is of particular importance and Mr Kania is recommending Mr Zabinski emphasizes that he had personally appointed him first party secretary of the region which means that he enjoys Mr Kania's confidence.

Soviet leaders in their recent letter to the Central Committee have complained that good Communists are being swept away by alleged anti-socialists. Since then it has become essential to retain some of the people Moscow wants as a guarantee that the Polish Communist Party will not swing entirely to the side of radical reforms.

But, already, more than half of the first party secretaries in the regions have failed to be reelected and those who replaced them have now been elected to higher party posts for the first time. Lower down, the change due to genuine elections is almost total.

The result, however, is not a foregone conclusion and 1967 delegates to the congress will decide eventually who will be elected to the Central Committee as well as to the ruling Politburo.

In Poznan yesterday the party conference which was to elect further delegates to the congress refused to accept the recommendation of several people to run for the election on the grounds that only those who have first been elected by their basic organizations are eligible to run for the election to the party congress.

But Mr Kania intervened and in the end his recommendation was accepted, though the candidates who have been recommended by central party authority are yet to pass the test.

Allies echo

Soviet disquiet

Poland's East European allies have echoed Soviet anxieties and warnings in letters which have been arriving at the Polish Central Committee.

Patterened on the Soviet letter sent earlier this month, which prompted the Polish leadership to convene the Central Committee, they are clear intended to keep up the pressure while the preparations for the party congress are in course.

The general trend among them is strongly against any kind of intervention, and disapproval of concessions.

Britain unlikely to accept EEC farm repayment plan

From Michael Hornsby, Brussels, June 25

The European Commission's scheme to compensate Britain for financial loss under the EEC's common agricultural policy, is unlikely to be politically acceptable to the Government. It does not look like yielding enough by itself for full redress of the budgetary grievance.

The Commission proposes that each year Britain should be compensated the gap between its abnormally low share of agricultural expenditure and its much higher share of the EEC's gross domestic product (GDP), which is taken as a rough measure of our contribution to the Community's total wealth.

Although the Commission produced no figures yesterday it is possible to show what sums of money would have been produced if this mechanism had been applied last year: the following calculation being based on sterling's average exchange rate last year.

Britain's share of the EEC's GDP last year was 18.6 per cent. If its share of farm spending had been the same it would have received £1,259m from a total of £5,769m. In fact, Britain received only £487m or 7.2 per cent—a difference of £772m.

The Commission does not propose that this gap should be completely closed but that there should be a fairly high level of compensation. Perhaps as high as 85 per cent. On

last year's figures that would have meant compensation of up to £660m.

This compares with the £703m Britain was reimbursed last year under the temporary three-year deal agreed on May 30. It seems inconceivable that Britain could accept a permanent solution less beneficial than the existing arrangements. Ideally, it would want something better.

So it seems certain that Britain will want the measures to offset inadequate farm receipts to be supplemented by action to reduce its gross contribution to EEC revenue. The Commission has left open the possibility of renewing an existing instrument, in modified form, to achieve this end if it is needed.

There is also some vagueness about the Commission's proposals for financing the British compensation. Extra revenue could be created by lifting the current binding one per cent limit on member states' value-added tax contributions. But Britain is strongly opposed to that.

Alternatively, a special levy, weighted according to size of per capita GNP could be imposed on member states' farm receipts. This would put the main burden on Denmark, Holland, Belgium, France and West Germany but it might not exempt a relatively poor country with big farm receipts, like Ireland, from making a nominal contribution.



Looking to the future: Smiling Cambodian children who have survived the horrors of the Pol Pot regime facing adulthood in a country still beset by poverty and disease. Few homes have electricity or water and corruption is widespread.

Ship blast puzzles Dutch experts

From Robert Schull, Amsterdam, June 25

There is still no explanation for the explosion which is thought to have killed six British maintenance workers yesterday on board the 72,000-ton Greek ore carrier Agios Ioannis in Rotterdam harbour. But investigators said they had the impression that the nine-man maintenance crew had worked with naked flame, despite strict orders to the contrary from the ship's master, Captain Ioannis Theodorakis. Police have so far found one

unidentified body and are still searching for five missing men in the badly-damaged vessel. The six men feared dead were named as: M. J. Pritchard, aged 45; B. J. Bellowe, 41; Mr. L. Hayward, 39; B. E. Hearn, 35; A. Bowers, aged between 40 and 45; and B. Bolton, aged about 40. A seventh maintenance worker, Mr. J. E. Harnett, aged 38, is in hospital with severe burns. His colleague named only as Mr. Muldoon, aged 41,

was released last night after being treated for a hand injury. The ninth member of the maintenance crew, who has not been identified, escaped practically unharmed from the explosion. The Britons are all said to be employed by Industrial Maintenance and Engineering, a London-based firm. Experts of Smit-Tak, the Rotterdam salvage company, are discussing salvage plans for the vessel with its British owners.

Court tells women to fall out

From Nicholas Hirst
Washington, June 25

he objection by Congress to women being drafted into the armed services has been upheld by the Supreme Court.

President Carter reintroduced legislation for possible call-up. It had been dropped after the end of the Vietnam war in response to the Soviet invasion of Afghanistan. In line with pressure to treat men and women equally, he included women. Congress rejected the idea.

But a suit originally filed in 1971 by anti-Vietnam war protesters at the University of Philadelphia was revived. It sought to show that since women were excluded, all compulsory military service was unconstitutional. A district court ruled that if men were drafted, then women should be too. Three judges dissented at the Supreme Court hearing which overruled the lower court. One, Justice Thurgood Marshall, said the majority decision "excludes women from a fundamental civic obligation".

The case reflected the continuing battle in the United States over the Equal Rights Amendment which seeks to enshrine women's equality with men more firmly in the American Constitution. Opponents of the amendment have claimed that it was the intention of its supporters to have women forced to do military service.

After early success which won support from all but three of the states required to put the amendment into the Constitution, it ran into strong opposition. The chances of success, before it runs out of time under the procedure for constitutional changes, look slender.

Diggers lose out on love

From Ray Kennedy
Johannesburg, June 25

Digging trenches all day is a back-breaking job and when Zulu housewife Mrs Mtshane Mathonsi finished work she is too tired for anything—even for love. "Luckily, my husband understands," she said.

She is employed by a private firm in Soweto, outside Johannesburg, digging trenches for cables that will carry electricity into the black township, a priority government project. But now the firm has slashed her wages and those of 200 other trench diggers, men and women, from 90 cents (58p) for every yard of 3ft-deep trench dug to 60 cents.

The firm, under contract to the West Rand Administration Board, the government-appointed body that controls Soweto, claims it is losing money—and the trench diggers have been on strike for four days.

Mrs Mathonsi said she came to Johannesburg from Zululand to stay with her husband for a few months and to try to earn money to support their family. "We earn very little, yet we work so hard. Now we are told our wages are to be reduced," she said.

Like most of the others in the pick and shovel brigade, Mrs Mathonsi is not "registered"—which means she has no legal right to be in Soweto.

HANOI MEETING

Bangkok.—Vietnam's seventh National Assembly opened in Hanoi to choose an executive head of state, expected to be Mr Le Duan, the General-Secretary of the Communist Party.

Judge halts Perón case proceedings

From Andrew McLeod
Buenos Aires, June 25

A federal judge has ordered a stay of proceedings in the case against former President Maria Estela Perón for the alleged mishandling of presidential funds.

Señor Narvaiz, the judge, said Señora Perón's continued detention at her estate in San Vicente was due to her alleged involvement in the Peronist solidarity, crusade fraud and for the illegal transfer of property to the Justicialist (Peronist) Party. The judge also made it clear that the stay of proceedings was only temporary as the case was to remain open until other people, allegedly involved in the mishandling of presidential funds, could be questioned.

These included, Señor José López Rega, the former Social Welfare Minister, and Señor Carlos Villone, the former presidential press secretary, who have left Argentina and are wanted by police.

The Government meanwhile is continuing its crackdown on dissent, with the arrests last night of more than 60 politicians and 12 journalists—including reporters from the United Press International and Associated Press news agencies and a correspondent for the Brazilian daily, *Folha de São Paulo*.

They were detained during a multi-party gathering in the Buenos Aires hotel and all had been released by early today. The journalists received an apology from a senior police official, who said identity checks would not be necessary for them.

Among the politicians who were arrested were Señor Luis Leon, secretary-general of the Radical Party's national committee, Señor Enrique de Vedia, head of the Popular Christian Party, and Señor Simon Lazari, leader of the United Socialist Party. Several Peronist leaders were also arrested.

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Pakistan plans increase in defence spending

From Hasan Akhtar,
Islamabad, June 25

Mr Ghulam Ishaq Khan, Pakistan's Finance Minister, today announced a deficit Government budget with increased spending on defence. He said the Afghanistan crisis posed an added threat to the country's security.

The defence allocation for the new fiscal year is 17,712m rupees (£866m) against the budgeted defence allocation of 14,500m rupees for 1980-81. The next year defence allocation claims nearly 48 per cent of the estimated current expenditure of the Government.

Mr Ishaq Khan said that the Afghanistan crisis had also imposed a heavy financial burden on country's strained resources as the number of Afghan refugees in Pakistan had risen above two million in the last 18 months. In addition to internal efforts to provide a credible defence, Pakistan was seeking external assistance.

President Zia ul-Haq stated last night he was hopeful that the United States congress would approve the arms and economic package deal offered by the United States Administration earlier this month.

The United States aid was expected to start flowing in October next year but meanwhile Pakistan would make arms purchases of its immediate needs against cash payments partly provided by Saudi Arabia and other Islamic countries.

The Finance Minister increased taxes to collect an additional revenue of 5,600m rupees.

■ Punishment prescribed: Fines have been prescribed for the Pakistani Muslims who

are found offending the Islamic sentiments by not observing the sanctity of the month of fasting, by an ordinance issued here today by General Zia.

The ordinance prohibits eating and smoking in all public places and the serving of food and drinks in restaurants and hotels during the hours of fasting from dawn to dusk in the latter month of Ramadan, beginning next week.

The ordinance empowers not only magistrates and police to arrest those found violating the new law but the heads of local bodies and members of the new Zakat committees to report and arrest the law-breakers.

The ordinance also prohibits cinema and theatre shows for three hours after the end of the fast in the evening.

Those found eating and smoking in public or serving food or drinks in restaurants and hotels are liable to be sentenced to three months imprisonment and fines while the cinema and theatre owners could be sentenced to six months in jail and fined.

Although executive action has been taken in the past to enforce observance of religious duty during Ramadan, this is the first time that General Zia, who is single-mindedly engaged in introducing Islamic reforms, has issued a special order for this purpose.

■ Delhi: For the first time in 20 years a senior Chinese official will visit India tomorrow to talk about border problems, Soviet influence in Asia and how to bring the world's two most populous nations together (UPI reports).

Bush plays down criticism of the Mitterrand team

From Charles Hargrove, Paris, June 25

Mr George Bush, the American Vice-President, who left Paris for London this morning, in a statement at Orly airport played down the impact of the State Department statement last night which suggested that relations between France and the United States might be affected by the participation of Communist ministers in the Government.

He went out of his way to emphasize his confidence that the talks he had had yesterday with President Mitterrand, Mr Pierre Mauroy, the Prime Minister, and Mr Claude Cheysson, the Foreign Minister, would make it possible to pursue the close and cordial relations between Paris and Washington.

Mr Bush refused to be drawn on the subject of Communists in the French Government, beyond suggesting that the interpretation given by the news media of the State Department statement was not accurate.

He said: "Of course there are differences between us. But I felt we could discuss these differences freely and frankly. I have been a diplomat. I know what frank and cordial mean in the United Nations. But I can go back to President Reagan and tell him that our discussions were good."

A visit to Washington by President Mitterrand would be discussed at the Ottawa summit next month. He would be given a "very warm reception" by President Reagan.

Mr Bush stated that the high American interest rates had been discussed. "I made it clear to French leaders that the best way to alleviate the pressure caused by these high interest rates was to enact the fiscal programme of President Reagan as rapidly as possible. Our is

not a policy of high interest rates. It is the result of the policy pursued in the past with which we disagree."

M Cheysson, in a radio interview today dismissed the State Department statement as intended primarily for domestic consumption. He also described as a "James Bond type of story" the reports on one American television network that President Reagan had received assurances from President Mitterrand that the Communist ministers would not be privy to defence secrets.

The appointment of Communist ministers, he underlined, created a malaise between Paris and Washington. According to informed sources, France henceforth will be "under observation". And it is expected that the Reagan Administration will have to find some concrete expression to its objections and misgivings, if the State Department statement is not to remain purely platonic.

This might mean cutting off France for a while from some of the military information exchanged in NATO. In any case, Paris is prepared for some difficulties in Franco-American relations in the months ahead. A great deal will depend on what assurances Mitterrand can give to Mr Reagan on security when they meet in Ottawa next month, or in the autumn, when the French President goes to Washington.

The advantages of having the Communists in the Government, and thereby ensuring peace on the labour front, to a certain extent more than outweighed, in President Mitterrand's view, the drawbacks in terms of adverse reactions abroad and difficulties with the United States and other NATO members.

Joint Cabinet responsibility in France is far less extensive than it is in Britain, and all ministers do not have access to all government papers.

Les Quotidiens de Paris points out that it will be difficult to explain to the allied military leaders that to place a Communist in charge of transport is an anachronism which concerns France alone. "To see in every Communist an agent of Moscow parades of an obsession. But the conversion of the leaders of the Communist Party is too hasty to be sincere."

The four Communist ministers have been at pains to deny that they would be the eyes and ears of Moscow in the inner councils of government, as many Frenchmen, both of the right and of the left, are inclined to suspect.

There is a good deal of controversy whether the posts given to Communist ministers are merely technical ones and not political. Mr Paul Laurent, a leading member of the Communist Party secretary, rather let the cat out of the bag by insisting today that they were "decisive branches of national activity, which involved millions of wage earners and concerned tens of millions of Frenchmen."

Apart from the expected warnings of the Giscard and Gaullist opposition, the strong objection to the appointment of Communist ministers has come from the moderate Force Ouvrière trade union organization. It warmly welcomed the election of Mitterrand on May 10, but now, as a declaration signed by all 12 members of its executive committee solemnly condemned the inclusion of Communists in the Government.

Leak lands Haig in hot water

From Michael Leppman, New York, June 25

Mr Alexander Haig's stony passage as Secretary of State has been through another buffeting this week in an odd row concerning Mrs Jeane Kirkpatrick, the United States representative at the United Nations.

It began, as many of Mr Haig's troubles have done, with what seems to have been a calculated leak to a reporter. The New York Times yesterday carried a report from Honolulu, where Mr Haig was travelling, that his aides' criticism of Mrs Kirkpatrick's handling of the Security Council debate on Israel and Iraq and of negotiations leading to a resolution criticizing Israel.

The remarks were made on board Mr Haig's official aircraft, as well as in discussions at Wellington, New Zealand, where Mrs Kirkpatrick had been criticised for accepting a resolution containing harsher criticism of Israel, and that Mr Haig had succeeded in getting it toned down by personally telephoning Mr Shimon Peres, the Israeli Foreign Minister, from Manila.

Specifically, the aides are reported to have said that Mr Haig succeeded in having left out of the resolution a section calling on countries to review their arms sales to Israel. The aide had originally wanted such a passage to be dropped, not calling for sanctions, and a formal arms embargo, demands which the Americans would certainly have vetoed.

Mrs Kirkpatrick is in France on holiday but such criticism, coming to her from her superior Cabinet officer, will naturally have wounded her.

She was proud of her diplomacy in the Security Council last week and makes a point in all her public statements that her priority is to carry out the policy of the Administration. She has often criticized Mr Andrew Young, who held the United Nations job under President Carter, for making independent policy initiatives.

So Mr Haig hastened to repair the leak. "I am shocked and disappointed that such a story should be written and, more importantly, that it should be attributed to one of my aides or more," he said in Honolulu.

"Any such statements by my aides are misinterpreted or they have been misinterpreted," Ambassador Kirkpatrick said in a superb job, which has been characteristic of her performance at the United Nations from the outset.

President Reagan, travelling in the States, was not amused either. He telephoned Mrs Kirkpatrick in France to tell her she had done a grand job last week.

A White House aide is reported as having said: "We don't want to fire back. We don't want a wedge between ourselves and Haig with him half way around the world. We're not going to take after Haig and his aides."

Everyone involved is anxious to avoid yet another controversy over the peppery Mr Haig, who has proved by far the most controversial of President Reagan's Cabinet appointments. His troubles began on inauguration day in January, when he failed to get Mr Reagan to sign a document giving him wide policy-making powers.

A week later, Mr Reagan was shot and Mr Haig was criticised for an original statement in the press room of the White House saying that, with Mr Bush in Texas, he was in charge.

Since then, efforts have been made to avoid public disputes, and until this week they had largely succeeded.

Trudeau shrugs off the French Communists

From Our Own Correspondent, Paris, June 25

The participation of Communist ministers in the French Government would not affect relations between France and Canada, Mr Pierre Trudeau, the Canadian Prime Minister, said after his arrival in Paris today.

Mr Trudeau, who is in Europe for discussions on the Ottawa summit of July 20, said after lunch with President Francois Mitterrand that "this participation, from our point of view, has no importance whatsoever."

He also said he understood the political situation in the French Government, "although he was not obliged to, since he has a majority."

Mr Trudeau paid a courtesy call on Mr Pierre Mauroy, the Prime Minister, before going to the Elysée Palace for lunch.

He insisted that the main purpose of his visit was to discuss the Ottawa summit. He and Mitterrand had agreed that economic and monetary problems should be discussed there, including the American policy of high interest rates, which he added, "has serious effects on other countries."

Two hanged in Turkey for killing US Navy man

From Simon Fisk, Ankara, June 25

Two leftist extremists sentenced to death for the murder last year in Istanbul of an American Navy diver and his driver were hanged today at a public execution in the Anatolian coast.

Ahmet Saner and Kadir Kocoglu, members of the Marxist-Leninist Armed Propaganda Unit, shot dead Chief Petty Officer Alberto Novello and his Turkish driver, Mr Ali Sabir Bayraktar in April, 1980.

The two extremists went to jail for slaying slogans, but their lawyers watched their relatives waited outside the jail. There have now been eight executions since the coup last September.

Their chief victim, Chief Petty Officer Novello, was an American naval attaché, an expert at the Turkish Navy diving school in Cubuklu, Istanbul.

Meanwhile, the prosecutor of the martial law courts in Istanbul announced today that the two would be sentenced to death for the murder of the American naval attaché, chairman of the liberal trade union movement Disk, and 51 other leading members.

Colonel Suleyman Takkeli said at a press conference that the leader of Disk and his comrades would be "accused of attempting to abolish or forcibly modify the Turkish Constitution, and the Grand National Assembly created by this law", at their forthcoming trial.

The movement had about a million members before it was abolished by Turkey's military leaders after the coup.

Geneva: Prospects for a re-

Reagan accuses Democrats of sabotage

From Nicholas Ashford, Los Angeles, June 25

Like a character in one of his films, whom audiences will eventually triumph, President Reagan made it clear that he intends to force through his economic recovery programme despite its setbacks in Washington.

Arriving in Los Angeles for his first visit to his California political base since his inauguration, the President fired a broadside against Democrats, accusing them of sabotage and back room politics. It was a sad commentary on the state of the Democratic Party, he said, when they had to resort to "a parliamentary tactic to thwart the will of the people."

The President was reacting to an attempt by the House Rules Committee yesterday to force his proposals to be considered as six separate votes rather than as a single vote.

Mr Reagan's tough line, backed up by a series of long distance telephone calls last night and this morning to conservative Democrats in the House of Representatives, paid off. Today the House narrowly voted in the President's favour.

This means that the President's entire economic package has a far better chance of being approved. Earlier, Mr Reagan had said the package could not be surrendered to back room politics in the Hall of Congress.

Mr Reagan is in California, where he was Governor for 13 years, as part of a five-day tour to drum up popular support for his economic recovery programme and to take a brief holiday at his Santa Barbara ranch.

He has made it clear that his economic package must be given priority and that he wants it approved before Congress starts its summer recess at the end of next month.

Today he was addressing a meeting organized by the California Taxpayers Association and a local business lobby. In the audience were the chief executives of California's 50 largest corporations who are determined to see that Mr Reagan is able to fulfil his election pledges.



Israeli television encounter

Peres finally shows his teeth

From Christopher Walker, Tel Aviv, June 25

With more than 20 per cent of Israeli voters still undecided, Mr Menachem Begin, the Prime Minister, and Mr Shimon Peres, leader of the opposition Labour Party, tonight engaged in a 40-minute televised debate, that could be crucial in determining the outcome of next Tuesday's general election.

Although much of the opportunity for polemic scoring was removed by the strictly controlled studio format, Mr Peres launched a bitter attack on Mr Begin, whom he held responsible for whipping up the mob violence which has marred the campaign and led to more than 200 arrests.

Speaking more forcefully than at any time in recent weeks, Mr Peres accused the Prime Minister of indulging in character assassination. He said that Mr Begin had lashed out at a Labour Party member by making false and irresponsible claims that a Labour Government would leave Israel vulnerable to attacks by Palestinian terrorists.

I was present at many election meetings, Mr Peres said. "I saw the tongues, I saw the lumps of wood, I saw with my own eyes. I heard these cries 'Begin, Begin'. I saw these young people but they are not Israeli. They want to destroy this without any embellish-

man who caused it."

Mr Peres alleged that this last four years of right-wing rule had been the worst in Israel's 33-year history, leading to a total inflation over the period of 1,210 per cent, a collapse in industrial development, a drying up of Jewish immigration, and, most recently, a violent anti-democratic election campaign.

Mr Begin, looking fit and confident, appeared to be deliberately trying to play down the image of extremism that his Labour opponents have been emphasizing in the closing stages of the campaign.

He avoided personal abuse of Mr Peres, but gave a warning that the Labour Party's "Jordanian option" could lead to a situation when Karyusha rockets would be landing on targets in Tel Aviv.

Among political commentators who were given an early showing of the recorded debate, there was a general feeling that the result was a tie with both men emerging equally from the identical questions they had to answer.

It was noted that Mr Begin had not scored the easy victory which he enjoyed during a similar pre-election debate with Mr Peres in 1977.

The debate took place with all the Israeli opinion polls showing the ruling Likud

coalition in the lead and Mr Begin well ahead of Mr Peres in all surveys of personal popularity.

Until the next findings are published it will not be clear whether the debate has helped Labour to reverse the pro-Likud trend but early reactions indicated this was unlikely.

By the toss of a coin it was decided the debate would be filmed at a holiday village outside Tel Aviv. Both parties agreed in advance to firm rules which reduced the chance of embarrassment and personal squabbling.

The leaders, separately answered questions put to them by an Israeli journalist and the cameras were forbidden from showing reaction shots of one man listening to the other.

As expected Mr Peres adopted a more diplomatic approach to security matters, attacking Mr Begin's decision to sanction the shooting down of two Syrian helicopters which precipitated the Lebanon missile crisis.

Mr Begin was asked to outline the main achievements of his Government over the past four years. He singled out two events which he said were at opposite ends of the spectrum: the 1979 peace treaty with Egypt and this month's destruction of the Baghdad nuclear reactor.

CEASEFIRE FOR ZAHLE IS AGREED

Beirut, June 25—Lebanon and Syria today agreed on a new ceasefire for the area of Zahle, the right-wing Lebanese town which has been under siege for more than 12 weeks.

The ceasefire was due to take effect at noon, and about 40 minutes later the heavy shelling of Zahle appeared to have given way to sniping, security sources in the town said.

The shelling was the town's worst in several weeks and broke out last night within hours of a peace call by four Arab foreign ministers meeting in Saudi Arabia. The right-wing Phalangist radio said six people had been killed and 40 injured in the shelling.

Mr Philip Habib, the United Nations special envoy, said the danger of military action over the Syrian missile crisis had receded. He left today for Washington after his second round of talks with Arab and Israeli leaders. He said he would consult with his government and return in early July.

—Reuters and AP.

Egypt seeks to reassure PLO over West Bank

From Robert Fisk, Cairo, June 25

With agreement reached in Cairo today to set up a multi-party committee to keep the peace along the old Egyptian-Israeli frontier, the Egyptian Government is seeking to reassure the Palestine Liberation Organization (PLO) that it will honour its commitment to Palestinian autonomy on the West Bank and in Gaza.

Mr Kamal Hassan Ali, the Egyptian Foreign Minister, told The Times today that the PLO still had "a very essential role in the peace process" and called for mutual recognition between the PLO and Israel.

The Times has learnt that several senior PLO officials have held secret meetings with Mr Hassan Ali over the past weeks. The PLO want a full knowledge of their leader, Mr Yasser Arafat, have met Mr Hassan Ali at the minister's private residence in the Cairo suburb of Heliopolis.

At their talks, they have been assured that Egypt intends to press the Israeli on the issue of Palestinian autonomy now that the Israeli army is preparing the last stage of its withdrawal from Sinai.

Although neither the PLO men nor Mr Hassan Ali have ever disclosed publicly that their talks took place, the Egyptian Government has privately expressed its satisfaction at the minister's assurances.

All Mr Hassan Ali would say officially today was that the Egyptian Government "has its contacts with the PLO", but he refused to comment when asked about the meetings at his home.

It seems clear, however, that the PLO—which has noisily condemned the Camp David treaty as a betrayal of Palestinian rights—is more interested than it cares to admit in the Egyptian-Israeli peace process.

It would be going too far to say that the Palestinians are using the Egyptians to pass

Arrigo Levi: A Personal View

Rearming yet ready to talk with Russia

"Old people like me have surely seen worse Germans than pacifist Germans." This was Herr Willy Brandt speaking at a European-American workshop in Bonn on current security issues.

In two days of intense debates, this was one of the most striking statements heard. Many of the things said have been said before, which is not surprising, considering that there must have been by now dozens of similar European-American conferences since President Reagan won his great victory.

In Bonn the general atmosphere was one of reciprocal reassurance: there was perhaps even too much of it, to the point of unwillingly leaving some lurking suspicions about the hidden dangers that may still threaten the cohesion of the Great Alliance.

The main American contribution, by Mr Lawrence Eagleburger, Assistant Secretary of State for European Affairs, offered a simple message. He repeated ad nauseam one single concept: "We Americans," he said, "want to negotiate arms control agreements with the Soviets; we believe that allied security may be enhanced through arms control. We have said that we shall negotiate; we are preparing with our allies for the negotiations; we are indeed beginning to negotiate; we will negotiate with all the vigour, skill and wisdom that we have."

"We believe you," said the Germans, even though, as Herr Schmidt, the Chancellor put it, "noises from the sixth or seventh rank" were heard from time to time which needed to be denied by the first rank.

The Germans then went on to explain the meaning of the pacifist tendencies of German youth. They spoke of their angry young men with affection more than with annoyance. It is up to us, they said, to explain to them those things which we have known all along, but which they have not yet learnt and which they seem to ignore, out of faulty idealism or inexperience.

In spite of all the doubts and protests of the young and the Protestant circles (Herr Schmidt was just back from his courageous, able defence of his policy at the Hamburg Church Day), the Social Democratic leaders left no doubt that they would stick to the "detente track" decisions of December, 1979.

The construction and deployment of the Euro-missiles would go ahead, along with the negotiations. If the decision to rearm was abandoned, they said, there would be no negotiations.

As Herr Schmidt put it: "In this part of the world, military equilibrium is a necessary prerequisite for keeping our freedom. While it is not a complete recipe for peace, it is an indispensable foundation for a peace policy."

The Americans seemed to be convinced by these reassurances. Through the noises of pacifism are loud in today's Germany. But, of course, most of these present were the "right" Americans, belonging to the category of those already convinced of the need for continued NATO cooperation between the allies as well as of negotiations with the Russians. Still, they included high level, authorized officials of the Reagan Administration.

In explaining American attitudes, Mr Eagleburger seemed to echo some recent thoughts by Mr Zbigniew Brzezinski in the Encounter interview with George Urban about the difficulties for a democracy to apply complex strategies. "We Americans," he said, "believe in detente more naively than Europeans. What we are witnessing is a reaction to the misreading of American public opinion in the seventies."

This, he implied, explained the difficulty in carrying out a policy of both rearmament and negotiations. One understands that it may be a problem to convince the American public of the fact that both things are necessary.

Among the Germans, another of the Socialist leaders, Herr Egon Bahr, just back from Moscow, listed all the dangers of having rearmament without negotiations. The Russians, he said, might have uncomfortable replies to the new Atlantic Euro-missiles.

The Russians might attempt to threaten again American territory from off-the-coast sea bases, or European territory with short-range strategic missiles from (for instance) Czechoslovakia. These would reduce to a minimum the warning time after launch. In such a situation, there would no longer be sufficient time to correct mistakes.

So, negotiations are as necessary as rearmament and a military balance. According to Herr Bahr, the Russians are ready to negotiate seriously. They still need and want arms control agreements.

So, according to what we heard, there should be serious negotiations in sight. Unless, of course, something happens in Poland. On that, nobody could give any reassurance about Soviet intentions.

As Herr Schmidt put it: "We are a long way from power here and we have already shown our independence."

The Milan objections to Rome are: First, that the Rome public prosecutors want a wide, complete and necessarily complex inquiry into all aspects of the P2 affair, which would inevitably slow down the process of bringing individuals to trial; and second, the suspicion that political weight could be more easily brought to bear in Rome to cover up aspects of the affair which could prove embarrassing for some leading politicians.

Rome's tactic has been to quibble Milan in the seriousness in penal terms of how it sees the case, bringing in charges of political conspiracy and political espionage. It is on the grounds that the charges it has brought are more serious than Rome has laid claim to handling the whole affair.

The Milan view is that the best procedure to follow would be that used in the Sindona case, from which the P2 scandal emerged. The prosecutors here carried out their tedious inquiry into the affairs of Michelle Sindona, now serving a sentence in an American prison. The inquiry was then enlarged by the work of a parliamentary commission of inquiry.

Preparations are advanced for setting up a parliamentary commission on the P2 affair as well, and the main fear felt in Milan is that the new Italian government, due to be formed this weekend, may not last long enough to allow the commission to start and finish its work before elections are called.

One of the aims of the pragmatic Milan approach is to show clearly what was involved in the P2 scandal. Local government elections, held last weekend, do not appear to have been seriously influenced by all the P2 publicity.

The belief here is that a degree of public reaction shown by the increased number of abstentions, but generally people had still not understood the scandal.

They would understand more about it if the investigators could continue their work and have it augmented by Parliament.

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Muldoon threat to renege on Gleneagles pact

From W. P. Reeves, Wellington, June 25

If Commonwealth finance ministers insist on shifting the site of their September meeting away from Auckland because of New Zealand's sporting contacts with South Africa, the New Zealand Government will consider dissociating itself from the Gleneagles agreement. Mr Muldoon, the Prime Minister, who is in Europe, has advised Mr S. Ramphal, the Commonwealth Secretary General, of this possibility. He added that he was prepared to confront other Commonwealth heads of government at their Melbourne meeting later on the issue of human rights records. Mr Muldoon's message was disclosed in Wellington today, by Mr Duncan MacIntyre, the acting Prime Minister. New Zealand is under pressure to cancel the visit by the South African Springbok rugby team which is due here next month. While the government opposes the visit, saying that it will harm New Zealand abroad and create divisions at home, it will not deny visas to the team. Earlier in the week, Mr MacIntyre indicated that Mr Muldoon would take a fresh initiative when he returns to New Zealand to try to stop the tour. So far there has been no indication of the nature of this move, though it is expected to take the form of increased sporting contacts with New Zealand Rugby Union. Mr Muldoon is expected to persuade it to cancel its invitation to Springboks. The union argues that its function is to promote interest in rugby. In his letter to Mr Ramphal, Mr Muldoon expressed concern at the interpretation placed on the Gleneagles agreement by some Commonwealth countries. He was quoted by Mr MacIntyre as saying: "The Secretary General knows that there would have been no Gleneagles agreement had the heads of government in 1977 not agreed that New Zealand's policy of not refusing passports or visas to sportsmen should be recognised and acknowledged in the agreement, particularly in the section which refers to laws of each country. As some countries are now claiming that New Zealand is in breach of the agreement and are moving to transfer the finance minister's meeting to another venue, I have told the Secretary General two things. 'First, if that transfer takes place, I shall ask the government party members to discuss a proposal that New Zealand no longer remains party to the Gleneagles agreement.' 'Second, I have asked that he place on the agenda of the Commonwealth heads government meeting in Melbourne the question of 'violations of human rights in Commonwealth countries.' Mr Muldoon said he was not prepared to have his country whose record on human rights was second to no other member of the Commonwealth, insulted. He added: "I propose to discuss this question openly and face to face with my Commonwealth colleagues at Melbourne. I have had a number of communications from Commonwealth heads of government all couched in most friendly terms." Mr Wallace Rowling, the leader of the Labour Opposition, said that the Prime Minister's extreme position threatened New Zealand's continued membership of the Commonwealth. "Mr Brian Talbot, the New Zealand Foreign Minister, said tonight that he would continue to support the Commonwealth's stand against sporting contacts with South Africa.—Renter.

Problems at home as Fraser goes abroad

From Douglas Aiton, Melbourne, June 25

Mr Malcolm Fraser, the Australian Prime Minister, has set off on a three-week tour of North America during which he will meet President Reagan in Washington, Mr Pierre Trudeau, the Canadian Prime Minister, in Ottawa, and President López Portillo in Mexico City. He leaves with a dispute brewing between Australia and New Zealand, over whether to participate in a United States sponsored Sinai peacekeeping force. The two countries are already at odds over the proposed Springbok tour to New Zealand. Mr Alexander Haig, the United States Secretary of State, has been making it clear at this week's Anzac meeting in Wellington that he considers Australian and New Zealand participation to be of extreme importance. The United States has asked most of its allies to take part in monitoring the withdrawal of Israeli troops from the Sinai at the end of the year. Australia has agreed in principle to send troops, but New Zealand is still opposed because of the possible threat to its lucrative lamb export trade with the Middle East. He added: "I propose to discuss this question openly and face to face with my Commonwealth colleagues at Melbourne. I have had a number of communications from Commonwealth heads of government all couched in most friendly terms." Mr Wallace Rowling, the leader of the Labour Opposition, said that the Prime Minister's extreme position threatened New Zealand's continued membership of the Commonwealth. "Mr Brian Talbot, the New Zealand Foreign Minister, said tonight that he would continue to support the Commonwealth's stand against sporting contacts with South Africa.—Renter.



Mickey Rooney sues

Mickey Rooney has sued eight Hollywood studios for extra payments for films he and other actors made before February, 1960. Mr Rooney, 60-year-old star of the Broadway hit musical *Sugar Babies*, has made 200 films in nearly 50 years. He filed the suit in the New York district court on his own behalf and for other performers including Dana Andrews, Glenn Ford, Rock Hudson and Paul Newman.

Civil Guard colonel charged over deaths of three men

From Richard Wigg, Madrid, June 25

A lieutenant-colonel of the Civil Guard, the force favoured by Franco, that seized Parliament in February's failed military coup. The credibility of the Government of Señor Leopoldo Calvo Sotelo suffered a serious blow when the Interior Minister in Parliament on May 21 persisted with an official version of how the three young men died. It closely followed that given out by the Civil Guards which was received locally with incredulity and with public expressions of the young men's good character. Today's charging of Lieutenant Colonel Carlos Castillo, the army officer in charge of the Almería Civil Guard unit, together with his assistant and one policeman, is important in showing the judicial authorities have not been cowed by Civil Guard pressures against any court proceedings. All three men will now go to army barracks awaiting trial. Basque killings: Doubt persisted today about who was responsible for the machine-gun killing of two men in the Basque town of Tolosa, amid conflicting reports that the killers were members of ETA separatist organizations or the right-wing Basque-Spanish Battalion, (Harry Debelius writes). The dead men, both aged 26 and from the Bilbao area, were members of the Basque nationalist party active in organizing its youth movement. One was a salesman of Basque language courses. His brother, who was seriously wounded in the attack yesterday, is a member of the Basque Communist Party. Police speculated that ETA extremists were responsible, but that the killing was a mistake. The restaurant outside which the men were shot is a gathering place for policemen, who might have been the real target. In Iruñ, near San Sebastian, leading military and police authorities in the Basque country today attended the funeral of a 63-year-old handicapped retired army colonel, who died on Wednesday from wounds sustained when he was shot by terrorists last Monday.

Prince had to brave storm

From Michael Leapman, New York, June 25

Until a few days before the Prince of Wales came to New York last week, British diplomats here and in Washington were seriously discussing whether to advise Buckingham Palace to cancel the visit, according to officials. In the end it was decided that the adverse publicity provoked by a cancellation at such short notice would be graver than the effect of the inevitable anti-British demonstrations by Irish-Americans. It was decided that Prince Charles would have to come and brave the storm. The visit, in public relations terms, was a debacle. It is unlikely, officials feel, that members of the Royal Family will come here again until local passions on the Irish question have subsided.

CHAD EMBASSY ATTACKED

Khartoum, June 25.—Two people were killed and two seriously injured today when a hand grenade exploded at the entrance to the Chad Embassy in Khartoum, the police reported. A Chadian was arrested and charged. The embassy porter was killed on the spot and a Chadian applying for a passport died in hospital. Two Chadians applying for passports were injured.—AP.

Rebels urge merits of democracy

From Neil Kelly, Bangkok, June 25

Two Thai generals, who have led revolutions against governments of the day, are publicly praising the benefits of democracy. General Sant Chitpatana, the former deputy Commander-in-Chief, who led the abortive coup in April, told students: "If a military man wants to play politics, he must take off his uniform first. The Army cannot build democracy. It must not meddle in politics." General Sant, who has been pardoned for his part in the insurrection, returned to Thailand last Monday from Burma. General Kriangsak Chomanan, the former Prime Minister and supreme military commander, said coups had hindered Thailand's progress, although he admitted he had taken part in four himself. He would never again, he said, be involved in attempts to overthrow a government by force. He has since formed his own political party and is ready to contest a by-election. His new political group, the Chart Prachatipattai Party, has the support of about 60 MPs, including 23 who have defected from another party.

Australians are kept in the dark

From Our Correspondent, Melbourne, June 25

Australia's two most populous states, New South Wales and Victoria, are in the grip of a power crisis with severe restrictions on the use of electricity. The public is angry because power cuts in both states last month were explained as one-off problems. For Victorians, this week's power restrictions come at the same time as the coldest weather for three years with temperatures below 10°C (50°F) in Melbourne and lower in some country areas. One of the main sources of power for both states, the Snowy Mountains hydro-electric scheme, has been impaired by a recent drought, but the main cause of the crisis appears to be a lack of planning. Radio and television services have not been affected but shop window displays, cinemas, sports arenas, air conditioning in industry, home heating and even hot water systems have all been restricted. Power generators in both states have failed and there is no sign yet of any easing of restrictions. Such is the growing outrage of the public that the supply of power seems certain to become an issue in the next state elections.

Instability in Honduras

Uneasy peace as the milkman cometh

From Stephen Downer, Tegucigalpa, Honduras

This is the third in a series of articles on Central America, the first of which appeared on Tuesday. The knock on a street door at 4 am usually announces the milkman's arrival in sleepy Tegucigalpa but fears are growing that one day it may herald violence. Honduras, Central America's poorest country, is wholly dependent on world prices for bananas and coffee. In the countryside, where two-thirds of the country's workers find occasional employment, the average wage is about \$100 (£30) a year. The conservative armed forces have consolidated their hold on the country, staging seven coups in 25 years, but Honduras has so far escaped the social turmoil overtaking its neighbours, Guatemala, El Salvador and Nicaragua. Opposition politicians are wondering how long their luck will hold. "We are still wondering why there has not been violence," said Señor Mario Ponce, Minister of Agrarian Reform between 1973 and 1975. All the ingredients are present and social reforms are closer to dreams than reality. The Carter Administration convinced President Policarpo Paz García, a five-star general, to return Honduras to civilian government by November. Constitutional Assembly elections in April resulted in a surprise victory for the Liberal Party. The Liberals won 50 per cent of the votes, pushing the ultra-conservative National Party into second place and 35,000 votes behind. But instead of promoting reforms, the Liberals used the government line. With presidential elections five months away, the party has lured the conservatives and prepared no manifesto. There is speculation that the reason is that both parties expect a new coup before this.

Are you driving your executives too far?

If you make your executives drive miles up motorways to meetings, it won't just show in their faces. It'll show in their performance, too. Because belting up the motorway isn't only tiring and stressful—it shortens their working day. Travel by Inter-City, on the other hand, extends the working day. Travelling time is turned into productive time. The train-borne businessman can read, plan, write, think, organise, dictate, report. And on many trains he can eat and drink. He can do just about everything, in fact, that he could do in his office. And he can do it at his leisure. When he arrives at his meeting, he'll be relaxed, refreshed, cool, collected—and prepared. He'll certainly do his job better than the men who came by car. So why not spare your executives a long drive, and let them take the train? It'll be a lot better for your business if you do.

This is the age of the train ➡



The man who wants Harrods and seems certain next week to take over The Observer

The myths and enigmas of Tiny Rowland

The name R. W. Fuhrop featured no fewer than five times in the June 1935 issue of *The Churchman*, the magazine of the Church of England, a small independent boarding school for boys in Hampshire.

It recorded that he had broken the school record for the 120 yards hurdles; won his school colours for shot-putting; and was a promising three-quarter in the 1st XV—“although he must be quicker off the mark.”

At a meeting of the school debating society R. W. Fuhrop had opposed the motion that capital punishment should be abolished. *The Churchman* reported: “He quoted statistics to show that many murderers had been punished with life imprisonment instead of execution. A life sentence was too dreadful a punishment. It reduced criminals to wrecks. Death was far better and saved the country money and trouble.”

The persuasive eloquence of the tall 17-year-old prefect from Nelson House won the day. The motion was lost by 20 votes to 6. A final entry in the magazine noted that R. W. Fuhrop (1934-35) “has commenced a business career and is now in a merchant's office. We wish him success.”

Today R. W. Fuhrop is better known as Tiny Rowland, chief executive and managing director of Lonrho, a sprawling international conglomerate of almost 1,000 subsidiaries stretching from Sheffield steel-works and Zambian breweries to South African goldmines and, barring last-minute hitches, one of the world's most-famous newspapers, *Edward Heath* once described the company as “the unacceptable face of capitalism.” It is certainly a cuckoo in the capitalist nest, disdained by the big City institutions, beloved by its small shareholders and everywhere dominated by its charismatic chief.

The public activities of Lonrho have become world-famous—enough in the view of Rowland's opponents to debar him from the ownership of *The Observer*. The private life of Tiny Rowland has, however, remained strictly private. R. W. Fuhrop and today's international tycoon has been allowed to be filled with myths and enigmas.

He is reluctant to be interviewed and refused of this, as on many other occasions. A fellow-director commented: “The fact that he is a highly successful businessman does not make him a public figure as he sees it.”

But by capturing *The Observer*, Britain's oldest Sunday newspaper with a worldwide reputation and a proud history in defence of free speech, Rowland would become the effective owner of a national

Rebirth of Lonrho

Changing his name had not been enough to give him a fresh start in life. Changing continents was. After the war he spent two years building some capital by buying and selling consumer-goods businesses before emigrating to Southern Rhodesia. For a time, he concentrated successfully on buying property and farms. Then in 1961, four years before Ian Smith declared UDI, a meeting of company directors in London made the decision that set Rowland on the controversial path he is still following today. It was decided that something should be done to revitalise a small and somnolent subsidiary called London and Rhodesian Mining and Land Company. One of its directors, the Hon Angus Ogilvy, who married Princess Alexandra, the Queen's cousin, in 1963, was sent to Southern Rhodesia as a talent scout.

Mr Ogilvy—subsequently to his considerable cost—was drawn by the dynamism and charm of Rowland and brought him into the company. Rowland exchanged his Rhodesian interests for shares in Lonrho and the company began to take off.

A typical example of the extraordinary Rowland style of those years was Lonrho's last great Rhodesian coup before UDI obliged it to turn its energies elsewhere in Africa. Rowland saw the idea of bringing all the longlocked Rhodesia by a pipeline from the Mozambique port of Beira. This was the shortest route, a far better proposition than bringing up refined petroleum products by rail and road from South Africa, and a natural money-spinner.

Modern-day colonialism

Mozambique was then a Portuguese colony lethargically run from Lisbon. Rowland is said to have made no fewer than 72 visits to President Salazar's government in pursuit of his pipeline dream. This degree of persistence verges on the frightening, and it was to be repeated elsewhere.

He got his pipeline working just before UDI and it funded, with promise of great profit, for precisely nine months until United Nations sanctions, to Rowland's abiding resentment, brought the British naval blockade of Beira. The blockade, however, was a charade because Rhodesia got all the oil it wanted via South Africa. But Rowland was and is not the kind of man to take such a setback philosophically. Some day, no matter how much later, somebody would pay for it in one way or another. Eventually they did.

In his African wanderings after 1965, Rowland conducted himself like an old-fashioned merchant venturer of the early days of empire. These were only two differences: the empires had gone, never to return, so that Rowland had to become an unashamed neo-colonialist; and he made full use of twentieth-century tools like communications, executive jets and sophisticated financial mechanisms.

His commercial forebears used to mount year-long expeditions into the bush to contact a tribal chief, seduce him with presents and persuade him to let them open a mine or build a railway on his territory in a person-to-person deal. Rowland fires off telex messages, makes telephone calls, arrives in his personal jet, goes to see the president and charms him into letting Lonrho exploit a copper mine. It is as if the wind of change never blew. How the president squares this with his



LONRHO UK

Agricultural machinery and cars

Finance, property, insurance, textiles and hotels

Engineering: (Hadfields steel works)

Distilling (Whitey and Mackay)

General trade: Harrods (Harrods 50% House of Fraser bid for rest with Monopolies Commission)

Printing and publishing: George Outram and Co publishers of the Glasgow Herald and Evening Times. Scottish and Universal Newspapers. Deal referred to the Monopolies Commission would give Atlantic Richfield 20% of Outram and £3m. Lonrho would get 100% of the OBSERVER.

Printing and publishing contributed £86.56m of 1980 group turnover of £2,100m and £4.34m pre-tax profits out of a total of £119m.

OVERSEAS

Nigeria
Car distributors
leather tanning

Kenya
Farming, newspaper publishing

Zimbabwe
Mercedes dealership
coachbuilders, gold and copper mining

South Africa
Printing, platinum mines, aircraft distributors

Zambia
Brewing, hotels, record distributors, coca-cola bottling

Malawi
BL dealership
textiles, sugar production

supporters or his parliament is a matter for the president. How Rowland squares this kind of personal deal with his directors and his shareholders is, he believes, a matter for him.

The bigger Lonrho grew, the more likely it was that there would be a head-on collision between Rowland's personal style in running the company and the conventions of the City of London. The clouds began to gather at the beginning of the seventies and in 1973 the storm broke.

At the end of the Sixties, there had been unsubstantiated claims that Lonrho was breaking Rhodesian sanctions, something of an irony for the company whose pipeline was one of the very few targets sanctions actually hit. Certainly the Lonrho companies continued to function inside Rhodesia; certainly Rowland, Ogilvy, and another director together owned a 50 per cent stake in the Shamrock coppermine in Rhodesia that was being developed by Lonrho; which owned the other half of the capital. There was a conflict of interest here, but it was not illegal. In 1969 Ogilvy was quietly advised by senior civil servants to resign from

the Lonrho board in case of a scandal, advice he no doubt later wished he had followed.

In 1973, open warfare broke out in the Lonrho boardroom. One of the factors was the revelation that Mr (now Lord) Duncan-Sandys, the former Tory Cabinet minister, had been paid £130,000 in compensation for giving up his £50,000-a-year consultancy fees from Lonrho to become its chairman, and that this money had been paid into an account in the Cayman Islands to avoid British tax, quite legally.

Attempt to unseat him

This incident prompted Mr Edward Heath, then Prime Minister, to make his most remembered remark: he called this “the unpleasant and unacceptable face of capitalism.” In April 1973 Ogilvy resigned from the board.

Sir Basil Smallpeice and seven other directors on the Lonrho board set out to unseat Rowland.

Smallpeice's deposition was a

savage indictment. Rowland was “unfit to be chief executive.” In the considered opinion of the majority of the board, “the time has now arrived when the damage which has been done and is likely to be done by the irresponsibility of Mr Rowland outweighs any benefit to be derived from his abilities and contacts. He is disloyal to the chairman, his co-directors and many of those who work under him and is deficient in the art of human leadership and in integrity of purpose.”

Rowland's lawyers argued that his removal would be a disaster for the company, especially in Africa, and that it would be wrong for the Smallpeice faction to pre-empt the verdict of the shareholders at the Extraordinary General Meeting called by Rowland for May 31 to decide his fate. Rowland lost the case, paid costs estimated at £50,000 personally, promised to abide by “reasonable” board decisions and awaited the EGM. The victorious Smallpeice group made the fatal error of staying their hand until that meeting. The EGM at the Central Hall in Westminster was dominated by small shareholders who

turned it into a riotous personal triumph for Rowland supporting him by a margin of more than six to one and voting by three to one for the dismissal of Smallpeice and his supporters. Rowland got a prolonged standing ovation.

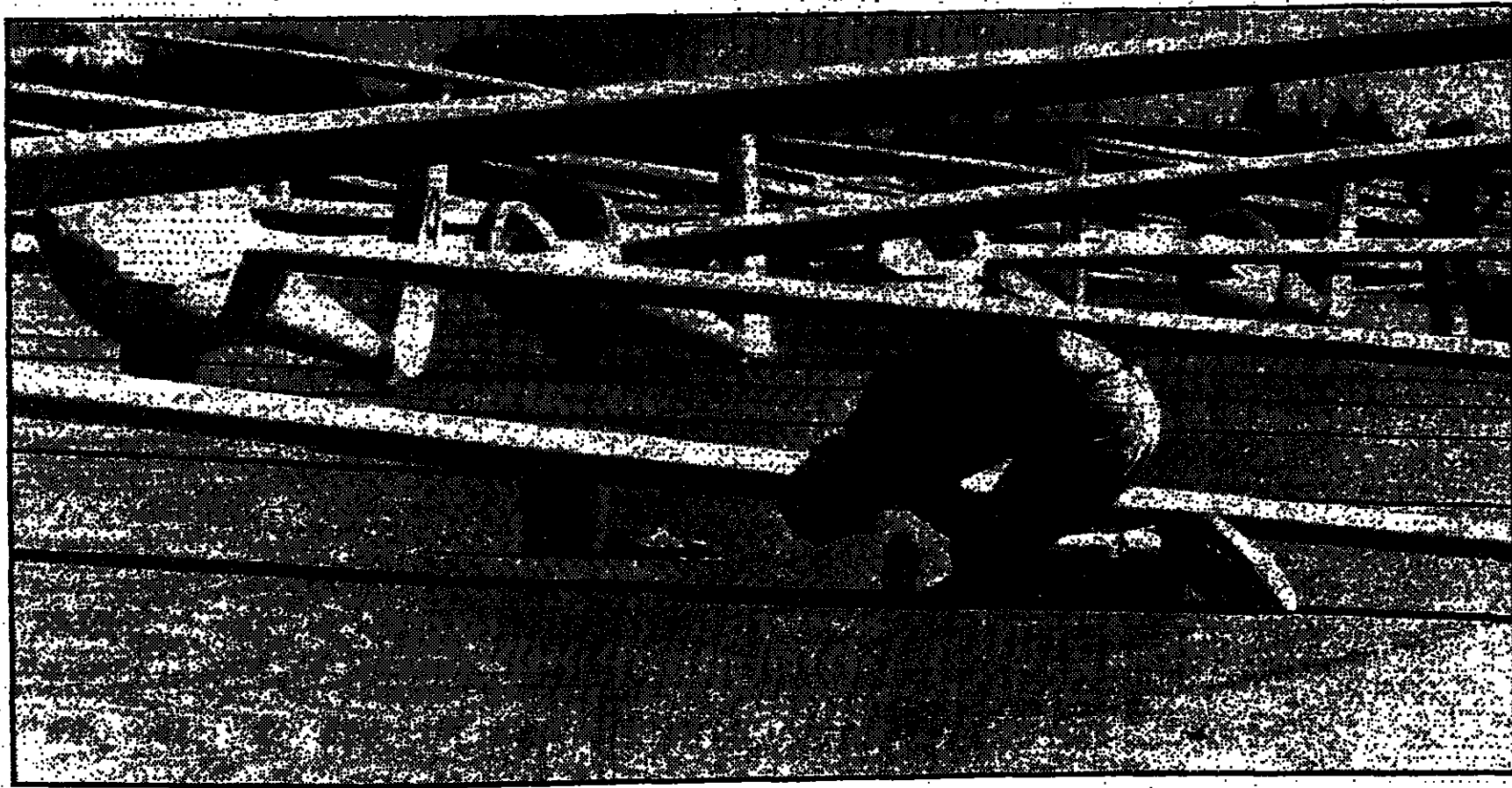
Within three years of the 1973 ructions, Lonrho more or less walked its turnover, tax profit, earnings and share price, but over the past few years the company's fortunes have fluctuated—to a peak in 1976 followed by a trough until last year when profits rose to £117m from £76m in 1979.

Lonrho started the current financial year with assets of £733m and a net debt of £277m. If the bid for House of Fraser goes through, it will have to find £158m, on top of the £59m it needs for other projects this year. This is an awesome challenge even by Rowland's standards, and there are still all too many people waiting for the chance to indulge in the Schadenfreude which Rowland's fast forward has brought. He has said this time, the chorus of “I told you so” will be all the more deafening for having been pent up for 20 years.

Against this background, the 56th annual for Rowland looks like small change. It is a typical Rowland deal, concluded personally between himself and Mr Robert Anderson, chairman of Atlantic Richfield, who bought the paper for £1 and a promise five years ago. What opponents of the takeover at the paper (they are many and include Mr Donald Bedford, the editor), are worried about is whether Rowland will be prepared to undertake the expensive and long-term investment needed to solve its problems, whether his interests in Africa and elsewhere will clash with *The Observer's* reporting reputation in the Third World, and whether he will keep his promise of editorial independence.

The opposition's best hope may lie in Rowland's character. He tends to move on to new challenges very soon after achieving the last one; and he abhors being seen to be wrong. The Rowland locomotive has a design fault: there is no reverse gear and there is every reason to doubt the efficacy of the brakes.

Dan van der Vat



A final bit of polish for that extra bit of speed... a scene at the British National Gliding Championships at Lasham airfield.

George Lee, jet pilot, flies very fast with no engine

Britain has few current world champions. Yet in the little regarded sport of gliding Squadron Leader George Lee is the world open class champion for the third time in succession.

Philip Wills was the only previous Briton to win the title, in 1952. Since his day, competitive gliding, like ocean racing, has become a gruelling test of man and high technology machine.

Lee was 17 when he joined the RAF gliding and soaring association in 1964. Fascinated by the sport, his early progress was not spectacular and his first contest win in 1970 caused little comment.

In his first national level competition, the European gliding championship, Lee finished 18th, a poor performance. Since 1972, and 1973, when he finished second in the nationals, he has been consistently brilliant. He won in 1974, and good performances in 1975,

secured his selection for the British team for the world championships in Finland in 1976. He won the open class there, and has been unbeaten in all subsequent world championships.

In 1977, Lee was invited to compete in the sailplane derby, sponsored by Smirnoff. In this event five sailplanes raced across the United States from Los Angeles to Washington during 10 days. Although he had not flown in the United States before, he finished second.

In West Germany, where he is stationed, Lee flies Phantom jet fighters. His Norwegian wife, Maren, is also a glider pilot and they have two children.

The ability to stay in the air and navigate, the ultimate aspiration for the gliding club beginner, is taken for granted. The wind, believed by the uninitiated to be vital, has minimal effect during the races round

the long triangular courses frequently used for the world championships.

Ten pilots completed the largest task ever set, 707km (440 miles), in Australia in 1974. The winner averaged 104 kph (66 mph). In France in 1978 three of the tasks were more than 500km.

The carbon fibre 75ft wingspan Nimbus 3 sailplane, flown to victory in the world championship which ended at Paderborn, West Germany, on June 7, can fly more than 50 miles at 77 mph from 5,000ft even without finding further rising air. The top speeds are achieved by flying slowly in rising air, faster in between and wasting the minimum possible time in circling, like a vulture, to gain height.

The optimum speed at any given moment depends on many factors. The Nimbus 3 can carry 68 gallons of water to increase speeds through higher wing loading. As in ocean yachts, electronics

play an increasingly important part. Instruments can solve the equation for the best flying speed based on the glider performance graph, vertical air velocity and windspeed, height, weight and distance to the finish. The crucial factor which distinguishes champions from the rest of us is judgement, both in instrument reading and the handling of the controls.

In this country there are about 10,000 glider pilots. The squad of a dozen or so from whom the British team of four was chosen had travelled a long path from the first solo in a club. After many cross-country flights and qualifications in regional competitions, most become national champions.

To survive this and go on to win three times in his first three World Gliding Championships, is a feat. In George Lee, this country has an almost completely unsung hero.

Jane Randle

Trainer who was no Don Quixote tilting at windmills

How Guy Harwood trains so many lucrative winners

Guy Harwood, that restless, peripatetic bundle of energy from Fulbourn, Sussex, who has won his third consecutive Sunday race flying to Paris to watch Recitation run in the Prix d'Isaphan at Longchamp. He is then going to the south of France for a week's recuperation before jetting to Keeneland in Kentucky on July 13 for the Fasig-Tipton Select Sale. From then on the merry-go-round will not stop until the second of the Newmarket sales in October. Backwards and forwards from the United States; over to Ireland for Goffs sale at Kill. It is all the same to Harwood and his inseparable companion at the auctions, James Delahouke.

Harwood and Delahouke have added a new dimension to the business of spotting likely winners at the sales. During the past decade Vincent O'Brien, Robert Sangster and their associates have conducted a highly profitable operation by skimming off the cream at the select sales. By successfully racing their purchases, they have become experts at the business of stallion promotion. Their expenditure has been of necessity heavy. For the limitation of losses forms an important part of their scheme. And this means buying only the choicest, bred individuals, who have a considerable residual value by virtue of their pedigrees even if they are comparative failures on the track. Storm Bird, for example, cost £1m at Keeneland.

An entirely different policy has been adopted by Harwood. When he first started making comparatively cheap purchases he appeared to be a Don Quixote tilting at the windmills of big business. But unlike Cervante's hero, Harwood's lance has landed, bang on target, again and again. With him it is a question of confirmation first and pedigree second, in fact, the exact reverse of Mr Sangster's policy.

His first successes came with Ela-Mana-Mou and Young Generation who were bought for a total of 13,500 guineas. Ela-Mana-Mou was the ugly duckling of the 1977 yearling sales who was transformed into

the swan of the 1980 King George VI and Queen Elizabeth Stakes. It is true that Ela-Mana-Mou was sold to a syndicate of Dick Hern's owners at the end of the colt's three-year-old career. But Mrs Audrey Muir, the original owner must have netted a profit of over £480,000 on her original outlay without taking prize money into consideration.

This year we have the extraordinary story of To-Agori-Mou, Kalaglow and Recitation. This trio were purchased for a total of around £50,000. Kalaglow has so far not fulfilled the promise he showed as a two-year-old but Recitation was sold for a reported \$8m to an American syndicate after his victory in the French Two Thousand Guineas. And To-Agori-Mou, at present the undisputed champion miler of Europe after his victory in the Two Thousand Guineas and his dramatic feat at Ascot of King's Lake.

The trainer ascribes a great deal of his success to luck. Bit lightning does not strike twice in the same place three times in four years. And Ascot proved that Harwood once again has a promising crop of two-year-olds. Red Sunset won the Coventry Stakes, Norfolk the Fenwick, Treboro, at 10,000 guineas, the most expensive purchase Harwood has ever made, showed himself to be a likely candidate for it. He is a classic when finishing round to Cajun in the Chesham Stakes. And perhaps the best of all may be that lovely filly, Quist, who after her fast finishing third in the Queen Mary Stakes, looks sure to start a warm favourite with the Cherry Hinton at Newmarket's July meeting.

Harwood places a great deal of faith in Delahouke's judgement. Any reasonable judge can pick a good-biking horse and note his faults as well. But James has this janny knack of being able to spot the potential athlete, the signal that will be able to run.

An incredible amount of hard work goes into the preliminary inspection of yearlings. This indefatigable job took at 1,500 every year. He will be examining five hundred colts in the States and probably about the same amount in England and

Ireland. Their only limitation is price. “When we like a horse with a top-class pedigree then we are obviously in competition with the other top buyers. And sometimes I have to put on the brakes.”

Harwood broke through another sound barrier of his success story when he shared the training honours at Royal Ascot with Henry Cecil. Appropriately enough the name of his winner of the Royal Hunt Cup was Teamwork. For just as the trainer has to spend so much time away from home at the sale, he has to be a good delegator.

The trainer's wife Gilly and her brother, Geoff Lawson, the assistant trainer both know the game backwards as does the head lad, Tommy Townsend. And then there is of course the stable jockey, Greville Starkey.

And those who remember his nine Group One victories in 1978 including the Classic was and watched this stylish and polished horseman in action at Ascot last week, can have little doubts about his ability as a jockey.

But a team is only as good as its captain. Harwood not only has an abundance of energy, he is also a highly-skilled organizer and clear thinker. He is also very fit. “I like to ride all the three-year-olds in their work before the season starts.” He is a tennis and squash fanatic. At the age of 42 he weighs 128 lb and does not carry an ounce of superfluous flesh. He works and plays hard.

Harwood is a businessman both by training and instinct. He owns a chain of garages left him by his father and farms 600 acres.

His training establishment at Combelets is a model of efficient planning and lay-out. Improvements costing £250,000 are due to be made in the next year or two. Harwood knows full well that lean years often follow the fat. But the snowball of his success has been gathering momentum fast in the past four years. And this momentum shows no signs of slowing down.

Michael Seely

TO RELIEVE HAYFEVER TAKE ONE ON EVERY JOURNEY.

No, at Saab we haven't discovered a miracle cure for hayfever. But what we have invented is a unique ventilation air-filter for our 900 series, that will stop pollen and dust from seeping into the car.

Which must be good news for drivers who suffer from hayfever, or other allergies caused by dust or pollen.

And as well as bringing a welcome respite from sneezes and sore eyes, the filter will also rid you of two other common car ailments. The dust storm which normally showers you when you switch on the ventilation system, and the windows misting up, before the interior has warmed up.

The air-filter may be a small item, but it typifies the thought that goes into building a Saab. Take the 120 mph Saab Turbo for a spin on a bright summer's day and you'll quickly discover what we mean.

Immediately you'll notice how the tinted glass cuts down the glare of the sun. And if your No. 1 enemy is not the pollen count, you'll enjoy breezing along with the sun-roof open and the electric windows down.

And talking of breezing along, there can't be a better speed sensation than the famous Saab turbo-charger, that boosts engine power by more than 40%.

With Saab's equally famous road-holding and power-steering, there can't be a more comfortable drive

either. Even round narrow-country lanes or on surfaces more suited to agricultural vehicles.

Of course, summer motoring is not all country cruising.

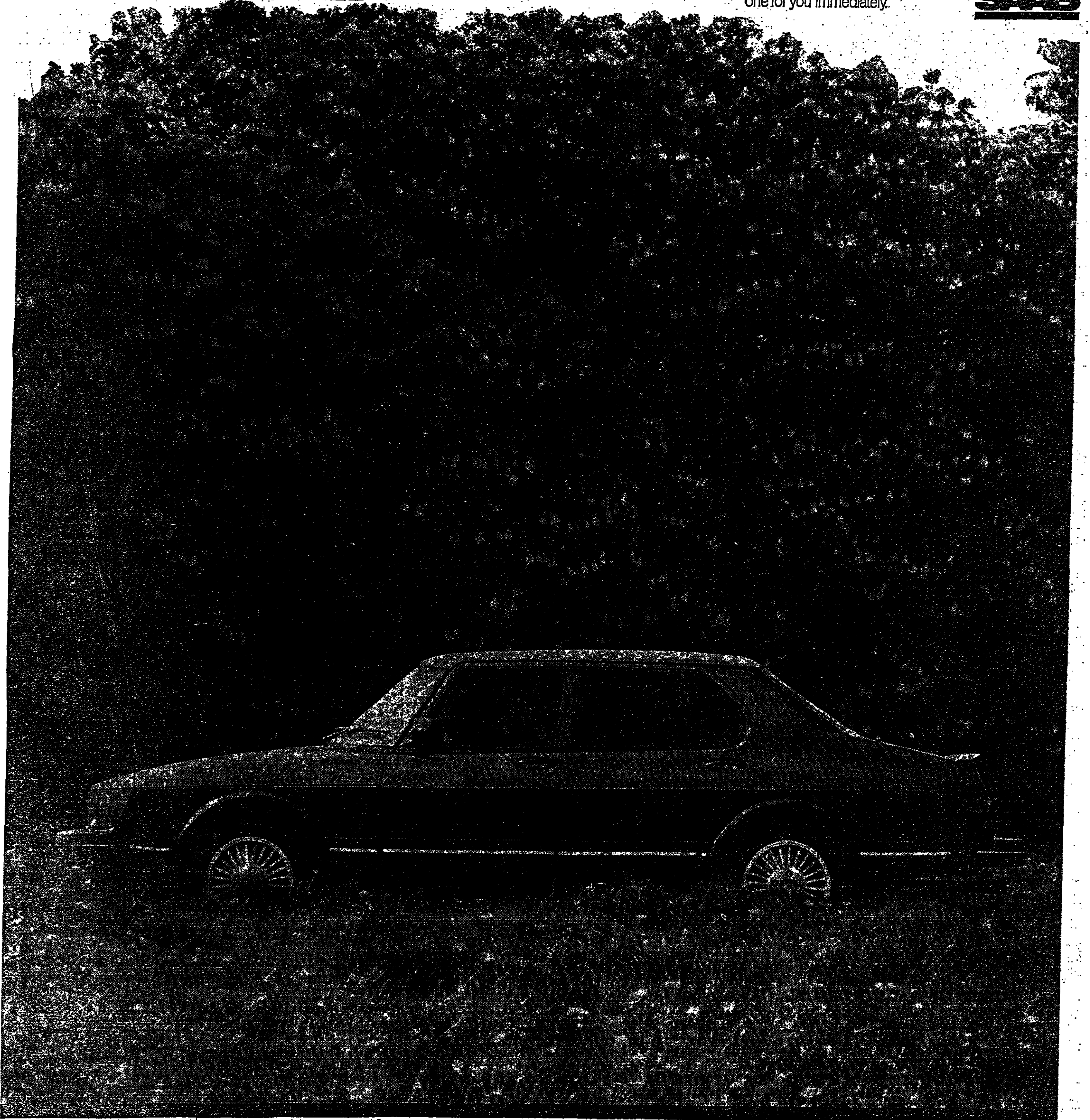
There's the bumper-to-bumper drag to the coast or the nose-to-tail weekend return to the city, guaranteed to bring on a bout of backache, a stiff neck or a severe case of cramp.

Here Saab also have the perfect remedy, in the shape of front seats that support the body from neck to knee. With an elastic lumbar support and deep-sided, thickly padded back-rests, they adjust right down to the reclining position.

And in case you suffer from a partner who always insists on an extra case, we should tell you that the luggage space is also very roomy.

What's more, to load up really long or bulky items such as water-skis, golf clubs, an outboard motor, or even sails, we have a fast, 30-second cure. You simply fold down the back seat and you more than double the boot space.

All in all, a Saab is the perfect panacea for so many of the usual motoring headaches. But don't take our word for it. Ask your local dealer if you can test one. He knows that you'll end up having such a healthy respect for the car, that you'll want him to prescribe one for you immediately.

SAAB


The Saab 900 Turbo Sedan illustrated costs £11,195. The Saab 900 range starts at £6,595 and the 99 range at £5,495. Prices correct at time of going to press and include Car Tax and V.A.T. Road Fund Licence, Delivery Charges and number plates are extra. Air-filter arrests all particles larger than 0.005mm, including pollen and nearly all dust, according to test carried out by Linköping University of Sweden in conjunction with Saab-Scania engineers. SAAB (GB) Ltd, Saab House, Fildhouse Lane, Marlow, Bucks SL7 1LY. Telephone: Marlow (06284) 6977. Export enquiries: telephone: 01-491 2905.

Chris Patten MP outlines an economic strategy that would have the support of a united party

Time the Tories pulled themselves together

Hugh Thomas tells a story in one of his books about two Spaniards who got into a fierce fight over the merits of their favourite poets and mortally wounded each other. As they lay dying, both confessed they had not actually read either.

The story has some relevance to the condition of the Conservative Party today. How many partisans in the interminable arguments over economic management have ever buried their noses for more than five minutes (if at all) in the works of Keynes or Professor Hayek? Yet sensible discussion, which might lead to sensible results, is entombed beneath the detritus of what are imagined to be their respective views on political economy.

We have become not just the potential victims of our refusal to adjust to events, but worse still the captives of our own metaphors. Since U-turns are associated with the days of an un-Prime Minister, we cannot even discuss the possibility of changing gear.

We are not intent on fratricide, like the Labour Party. But in our present state of mind, we may find it increasingly difficult to work together and argue together for a common set of objectives. That would be debilitating politically and damaging economically. It is high time we pulled ourselves together.

We would have done so long ago had there been a more effective Opposition. But Conservatives cannot depend on the sickness within the Labour Party to hand us the next election. Labour are down to their rock-bottom electoral base. But, as in February 1974, they may be able to hold on to much of it. Nor can we rely on the Social Democrats

fatally damaging their erstwhile colleagues. It is too early to know whether the SDP will take off, and even more premature to say which major party will contribute most of the passengers if it does. So to win next time, we shall have to get the economy right, or at least look as though we are some way towards doing so. Despite the problems of the past two years—the squeeze on industry, the alarming rise in unemployment, the difficulty of cutting spending after Clegg and in a recession—the Government's economic strategists can point to the prospect of one or two swallows.

Inflation has fallen rapidly. Real interest rates are low by international standards. Sterling recently fell to a level (at least against the dollar) which would have had the CBI jumping with joy last year. Many firms have dealt painfully with problems of overmanaging and restrictive practices which had dogged their efforts for years. They are now in a position to make increased productivity and profits.

The main thing missing from the scene, is demand for their products. There is little sign of any big rise in demand at home or abroad.

But there are solid foundations on which the Government can begin to rebuild with the enthusiastic support of a united party. We can all agree that counter-inflation policy must remain at the heart of our strategy. That would not be reinforced, indeed would be reinforced by an equally strong commitment to help industry pick itself up off the floor. Without such an effort, we will find our economic tasks, particularly the creation of new jobs, almost insuperable, being

driven before the gale from one overnight expedient to another. We are told that last week's Cabinet meeting endorsed the Treasury's strategy while expressing reservations about the possibility of making further spending cuts. Where does this leave us? There will be no major cuts this year; even the defence review only brings military spending back to somewhere near its growth path of three per cent a year. Further cuts in domestic programmes would have an expensive but not wholly coherent industrial policy which baffles our supporters and gains us little political benefit. We are attacked as Count Dracula the most in fact we are running the most expensive blood transfusion service in the business. We extol the virtues of free enterprise while obliging it to pay more and more to support the nationalized sector.

If anything, spending this year is going to be pushed up both by them and by regular raids by the nationalized industries. In practice—hang the theory—we have an expensive but not wholly coherent industrial policy which baffles our supporters and gains us little political benefit. We are attacked as Count Dracula the most in fact we are running the most expensive blood transfusion service in the business. We extol the virtues of free enterprise while obliging it to pay more and more to support the nationalized sector.

No cut in spending means, in present Treasury logic, no cut in taxes in the next Budget. Indeed, to keep near the Public Sector Borrowing Requirement target, we may need a further increase in taxes. The fight against inflation will grind on. The unemployment figures will push past three million. Industry will hump along the bottom of the recession looking forward anxiously to the much talked of recovery. Perhaps this is true; perhaps there is nothing the Government can safely do to help bring the



Chris Patten is Conservative MP for Bath and was formerly Director of the party's Research Department.

recovery forward without running the risk of another burst of inflation. Perhaps.

Yet Treasury ministers themselves have identified one source of possible trouble between now and the next election which could blow us completely off whatever course we are on: wage inflation. The Chancellor's reported to have drawn his colleagues' attention to last Wednesday's Cabinet to the fact that money incomes in the past decade have risen by 335 per cent while output has risen by only 16 per cent. It would be surprising if he did not also point out the still growing imbalance in our public accounts between current spending (especially on pay)

and capital investment for the future. If we want to restore the competitiveness of British industry, prevent higher inflation and make room for an increase in capital spending, then in both the private and public sectors we must be tough on pay; the first two proposals out of the four below are designed to help achieve this while giving industry direct help and creating greater demand for its products.

1. We must make it clear that we can hold public spending in check only if we keep a tight grip for the rest of this Parliament and beyond on pay settlements in central and local government and in the nationalized industries. We should state now that we expect, and will fight for, a lower average level of settlements next year than this, wherever we have direct responsibility, and that in return we are prepared to increase capital spending selectively next autumn and winter. A few hundred millions spent on infrastructure and construction projects, especially in those areas with the highest unemployment, and on telecommunications, rail electrification and other worthwhile investments would have an immediate knock-on effect on private sector activity and create more jobs.

In public sector pay bargaining, we should establish a central unit which would at least ensure that the existing negotiating panels operate on a basis of common research findings and common criteria. Such a unit would also reorganize comparability machinery, make the public service more aware of the market forces than can be introduced into bargaining, and examine the feasibility of intro-

ducing "no strike" agreements in some services. Unless we now take this kind of grip on public sector pay bargaining we shall find ourselves as this Parliament wears on fighting one battle after another with the public sector unions over ground which we have failed to stake out.

2. In the private sector we should tell employers that if average settlements in the pay round which starts in August are running in low single figures, we shall halve the National Insurance surcharge in the next Budget, and that if the 1982-83 round is equally low we shall abolish it completely in 1983. It takes about £3,000m out of industry's pocket every year, taxes jobs and exports, raises prices and reduces investment. Cutting the surcharge should be used as a carrot to help employers explain to their workers why they should do what is anyway in their best interest.

3. With thousands more young people coming on the labour market than there will be jobs for them, we must take school leavers out of the existing pay bargaining system and develop a comprehensive scheme of training grants like that in West Germany. We have too few apprentices and too many young people out of work because of the price which union negotiators demand for their labour. High unemployment will be with us for the rest of the 1980s. If we are at all concerned about the implications of this for our social stability, we should abandon the hand-to-mouth methods of the last few years and make a radical change in our training arrangements.

4. We should extend share ownership and make this further development of a property-owning democracy a central plank in our next manifesto. This should be implemented by encouraging greater participation in industry/work in these fronts could be much more useful than the hunt for a further battery of changes in trade union law in the next session of Parliament.

There could be one victim of this balanced approach: in the short term we should not be able to keep the PSBR within the limits set out by the Treasury. Most of us should be able to bear this with equanimity. A small planned increase in the PSBR to increase economic activity, with the prospect of a fall later as a direct result of higher output sounds a better bargain than a further increase in the PSBR because of unplanned falls in production and increases in unemployment.

The late Adlai Stevenson once accused the Republican Party of offering the public the uninspiring advice, "Don't just do something; stand there." I hope we will be able to make the same accusation against the Conservative Party in the second half of this Parliament. There is plenty for us to do which will enable us to keep the initiative, urge the party, lay to rest some of our absurdly theoretical economic arguments and give a new lease of life to the strategy which we were elected to implement.

We do not need more metaphors, nor further helpings of liberal philosophy. All we need is a large injection of old-fashioned Tory horse sense.

The appearance yesterday of the European Commission's proposed solution to the problems of the EEC budget and the common agricultural policy (CAP) puts Britain in a peculiar spot. On the one hand, the report is an ingenious attempt to lighten the financial burden of the EEC on Britain without actually attempting the politically hopeless task of bringing about fundamental changes in the CAP, for which reason Mrs Thatcher ought to be pleased with it, so far as it goes. On the other hand, it comes out a week before Britain takes on the sixth-month term as President of the EEC Council of Ministers, and it will therefore fall to Mrs Thatcher's lot (and Lord Carrington's) to take charge of the crucial meetings in the autumn at which action—or inaction—is decided upon.

It may seem paradoxical to say that the chairmanship is a drawback in this context, for the presiding country has considerable leverage. Its own ministers chair all ministerial meetings. Its senior official in Brussels chairs the important meetings of permanent representatives. It has control (so far as events allow) of the agenda of these confabulations. Its foreign minister represents the Ten in negotiations with other countries. Successful initiatives redound to its credit, while lack of success normally does it no harm since nobody can reasonably expect startling progress in a six-month period of office.

On the face of it, therefore, the British presidency ought at worst to come in very handy for Mrs Thatcher at an awkward moment. At best, a rosy vista opens up of the budgetary dispute, being settled, the benign guidance of Lord Carrington charming the Russians out of Afghanistan on behalf of Europe, and of the British public suddenly realizing that the EEC can enhance rather than diminish Britain's influence in the world.

David Watt President Carrington: a tricky opportunity

Life, alas, is not like that. First there is plain bad luck. Britain comes to the presidency immediately after a major political upheaval in France which will effectively prevent any firm French negotiating position being evolved before the summer holidays and probably until the beginning of October. The Italians and the Irish are in the middle of extremely complicated governmental crises which will seriously affect their ability to function, and the Dutch are in the middle of an interminable process of coalition-making. In effect, this means that any serious progress involving negotiation among the Ten can only be made in the last three months of the year.

Then there is the sheer intractability of the underlying problems, both from a political and technical point of view. In particular, the idea that the Mitterrand government in France will be a push-over for the British in Europe should be immediately dismissed. French foreign policy may be conducted with slightly less theatrical bad manners than under Giscard d'Estaing, but the pursuit of the French national interest will be as meticulously planned and straightforwardly carried on as before. Indeed, in the case of the fisheries dispute, which will undoubtedly come to the fore again in the autumn, President Mitterrand, being more dependent on votes on the north-west coast of France than his predecessor, will probably be even tougher.

For this reason the government is, as usual, banking

heavily on the Germans to help push through a plan of setting up working parties at once on various aspects of the Commission's proposals and securing broad agreement in principle at the late autumn summit meeting in London. Chancellor Schmidt is as determined as Mrs Thatcher to reduce the excessive burden on his balance of payments and his last visit to London in May is supposed to have forged a new joint determination to gang up on the Danes, the Benelux countries, and if necessary the French, in order to force a reform through the Council. But it is not clear how far British and German interests really march together (the Commission report, for instance, makes a clear distinction between the treatment appropriate for each country) and it remains to be seen, in any case, how far in practice the Chancellor will be prepared to put the Bonn-Paris axis at risk.

Faced with these difficulties and uncertainties, the British Government is bound to regard the presidency as a mixed blessing. The chair is the best place to be if one wants long-term gains or small tactical victories. It is not the ideal vantage point from which to secure large immediate concessions.

And yet, if we do not secure concessions on the effect on British public opinion could be pretty bad. This is not simply a matter of a missed opportunity but of positive damage caused by the disappointment of excessive expectations. Mrs Thatcher entertains European heads of government her dynamic leadership

Britain in the driving seat—and hey presto, a dull clunk from beneath the bonnet and the vehicle grinds to a halt again.

One way to prevent this débâcle would be to concentrate attention as much as possible on the political aspects of the Community, where agreement is much easier to secure and results are much easier to understand. This is certainly Lord Carrington's chief interest, as it is his strongest suit. The challenge of the European initiative on the Arab-Israeli conflict, of the Polish threat, of European security talks, and of any number of other possible crises is alluring—and not simply because the Foreign Secretary enjoys politics more than economics. The case for pressing on with political cooperation is at stake in the Middle East and in East-West relations; that a sense of European identity in the face of the rest of the world needs to be asserted; and that if this can be achieved it may help pull the Community out of its present economic impasse.

But here again there are pitfalls. Lord Carrington's reputation in the Community is high, and the other nine countries are not going to begrudge him a chance to apply his magic wand to its external relations. They will, however, be watching for the faintest sign to confirm their suspicion that the British are out to turn the EEC into a free trade area with political brass knobs on or are using political initiatives as a clever distraction from their insular derelictions.

as partners in the European economic enterprise.

As it happens, both Mrs Thatcher and the Foreign Secretary seem to have recognized this danger and there is not much doubt of their desire, if only on wider political grounds, to settle the major economic issues during the British presidency if they can, as well as doing a bit of good for British interests—especially in the service industry. The real trouble about the British position is that it does not imply any long-term strategy towards the EEC. In keeping with the Foreign Secretary's profound pragmatism, it is still predominantly reactive and opportunistic.

Initiatives such as that floated the other day by Herr Genscher, the German Foreign Minister, calling for a new politico-economic treaty which would graft the present *ad hoc* machinery of political cooperation onto the Community, are politely but firmly punctured by Lord Carrington: "I think it is much better to build up from the bottom than it is to impose from the top by a treaty or some form of declaration, that Europe must have a common foreign policy."

This quintessentially British statement is not likely to be much disputed within the Cabinet or indeed at Westminster, where anything with the faintest hint of supranationalism about it is anathema. But if we are to make the most of the presidency, the absence of some longer-term vision of where the Community is going is certainly a drawback. Without our credibility with our EEC partners will be reduced and the appeal to British public opinion which the presidency affords will be weakened. It is worth remembering that the office does not come our way again for five years, and in five years' time a government committed to taking Britain out of the Community could be in power at Westminster.

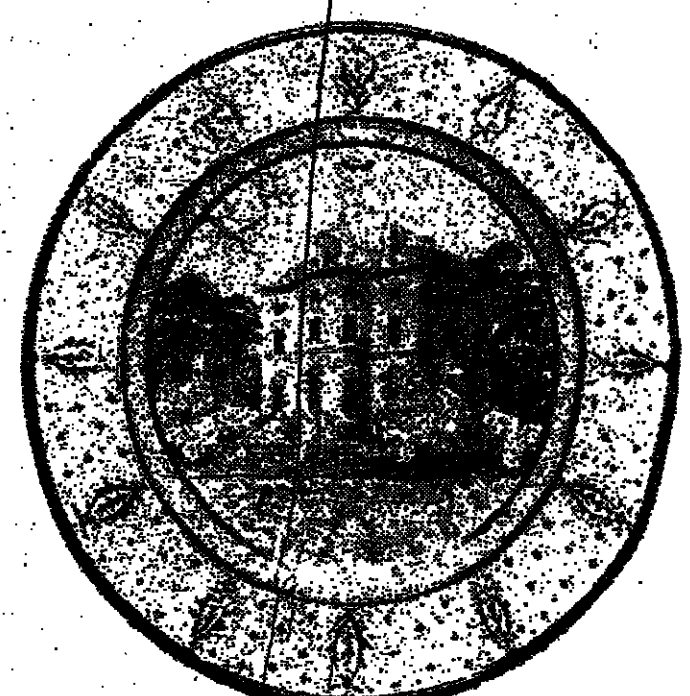
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Is there a future for the house of pottery?

The Government's implicit indictment of the world-famous Wedgwood pottery firm for failing to take proper care of Barlaston Hall, the Palladian mansion which stands on the edge of its Staffordshire estate, is hugely ironic. For more than two centuries the name Wedgwood has been identified with the highest traditions of British craftsmanship and with the creation of objects of beauty. The firm's products are themselves a feature of many English country houses; in more than one of them there is a Wedgwood Room.

The firm was founded in 1759 by Josiah Wedgwood and for many years operated in a district of Stoke-on-Trent still known by the exotic name of Etruria. From the start it concentrated on producing fine china for the wealthy end of the market, and one of its earliest customers was the Empress Catherine the Great of Russia, who ordered a set of 1,000 plates depicting various English scenes. One of the subjects chosen is reputed to have been Barlaston.

However, it was not until 1936 that there was any direct association. It was then that Wedgwood, still at the time a paternalistic family firm which was anxious to provide better living and working conditions for its staff, opened a new factory and model village on the estate. The house was included in the purchase,



The wall plaque painted by Alfred Powell in 1942.

and its new owners evidently thought highly enough of it to choose it as the subject of a decorative wall plaque painted by Alfred Powell in 1942.

The change in attitude appears to date from about 1963 when Mr Arthur Bryan was appointed managing director. The first non-member of the family to hold such a post—he is now the chairman—he was and is an energetic salesman who was responsible for a dramatic increase in production and turnover. Until then demand had far exceeded supply, and would-be customers were used to warnings of long delays.

Mr Bryan set about changing all that. Within a few years the characteristic has relief patterns had become familiar to shoppers in galleries and department stores in dozens of countries. North America became the firm's dominant market. Awards were showered upon it, including a knighthood for Sir Arthur himself. But, pleasant and cultivat-

ted man though he is, Sir Arthur has a blind spot when it comes to Barlaston Hall. In 1973 he wrote to *The Times*, sharply rebuking Sir John Bateman who had protested to the firm's application to demolish the hall, and claiming that it would cost £50,000 to restore it for any useful purpose. Further correspondence provoked Sir Arthur into inviting the Historic Buildings Council to find a use for it.

Negotiations came to nothing but, after a public inquiry in 1975, permission for demolition was refused. Sir Arthur, however, remained unrepentant, and in March this year the firm submitted a new application to demolish the hall, this time on the grounds that it had been rendered unsafe by mining subsidence. A public inquiry into this application has still to be held, but clearly the Government's intervention has gone a long way towards pre-empting its findings.

John Young
Planning Reporter

Wanted: a sponsor to bring Venice to London

After a decade of dithering, the Royal Academy has begun preliminary negotiations for an exhibition on The Venice of Venice. In its two early years, I am told, to call these overtures "plans"—more a gleam in the eye of several interested parties.

John Hale, Professor of Italian at University College, London, is masterminding these plans. (Sorry) and has enlisted the aid of a distinguished advisory committee of eight British authorities and nine Italians. Among the British experts are James Byam Shaw, an authority on Guardi and Tiepolo, Sir Oliver Millar, Surveyor of the Queen's Pictures, and Francis Haskell, Professor of Art History at Oxford and author of books on the relationship between artists and their patrons.

The exhibition, provisionally scheduled for the winter of 1983 and still to find a sponsor, will contain sections on the altarpieces in sixteenth century Venice, organized by the Italian scholar Tizio Fignazzi, the Cult of St Mark (patron saint of Venice), the Patriotic portrait and a room devoted to the Capricci, organized by Honan Potton (the Capricci is that form of painting perfected by Guardi and Canaletto where the artist sets up an imaginary landscape).

Incidentally, seeing that John Hale lists his recreation in *Who's Who* very simply as "Venice", I

looked elsewhere for other equally enchanting recreations. Among those I turned up: Edward de Bono, says: "I feel I am catching up with letters; John Gaudenough (Professor of Inorganic Chemistry at Oxford), developing countries; Professor Bernard Crick, polemicalising. If asked, I think I would score at among my recreations: browsing in *Who's Who*."

Mot-jest

This may be an old joke but, coming from born-again Bob Dylan, who opens tonight at Earl's Court, it still bears the telling. After an open-air performance at the Colosseum Stadium in Paris this week, a French journalist dodged the bodyguards and managed to approach the singer who was shivering in the night. In a thick French accent, Dylan was asked for "a good quote". "If I had a good quote," said Dylan, "I'd be wearing it."

Letters patent?

Next week's auction by Phillips of the long-lost family archive of the earls of Sheffield caused a burst of legal activity yesterday by the first Earl's descendant, Lord Stanley of Alderley. He complained that Phillips had omitted to inform him of the sale.

Lord Stanley, formerly a captain in the Coldstream Guards, is now chairman of Thames Valley Cereals and lives in Anglesey. After consulting his solicitor he told me: "I hope they have a title to the papers. They should not be sold but remain open for public inspection. I would like them to go to the Chester archives or the University

THE TIMES DIARY



If you have a mind to be remembered long after you're gone, read on. The Center (that's American for Centre) for Action on Endangered Species, based in Florida, is offering to name a new found species of rabbit after the highest bidder. Its biologist, James Layzell, discovered the creature on the Lower Keys, the islands off the Florida coast. The center's staff described it as a "sweet-faced bunny" and think the name auction a clever way to raise money for research. Bidding is open until December 1 and, in addition to having a Latinized version of his or her name go down in biological history, the winner will also get a life-size sculpture of the rabbit. It sounds an ideal way for Victor Lomax, the deposed Playboy boss, to make a mark that would outlast Hugh Hefner's Bunny empire. I don't know which I prefer, *Oryctolagus loxnessi* or Victor conculcus.

of Bangor, where other family papers and diaries are going to find out just what is for sale."

The papers were lost about the time of the third Earl's death in 1909—when the earldom became extinct—and were discovered only recently in the attic of a Sussex country house by a woman whose identity Phillips will not disclose, partly to save her the embarrassment of admitting she almost decided to set fire to them.

The collection consists principally of the correspondence and documents of the first Earl, John Baker Holroyd (1735-1821). Soldier, patriot and politician, he is best known as the friend and correspondent of Edward Gibbon, and his papers provide a fascinating picture of social and political life in the late eighteenth and early nineteenth centuries. There is a letter from his

father-in-law, Lord North, who, as Prime Minister, complains of the chilly reception he received from George III. Holroyd writes of a ball in Genoa: "The women had such a fury for minivers." Military papers contain a petition to Holroyd's own regiment of militia asking that the soldiers be allowed to grow their hair longer. Sir Joseph Banks writes that Queen Charlotte's flock of lambs at Windsor could never become acclimatized.

Phillips says the papers came to the present owner by descent from the Sheffield and expect them to fetch about £35,000.

Dunfeudin

The tenants of 150 Walworth Road in Southwark, south London, called for outside help yesterday after a two-year wrangle over what to call the £1.6m building. It is the new



headquarters of the Labour Party, which has been divided over a name ever since James Callaghan laid a ceremonial stone and topped it out in 1979.

An official told me: "Consider us open to offers. We don't have a name because we couldn't agree on one. It all sank under the weight of paperwork."

The party left its old headquarters in Smith Square because of lack of space and rented the Southwark building cheaply from a consortium of trades union heads by the General and Municipal, After

arguing long into the night, the left-wing National Executive Committee once settled on Zeist Hardy House, until it was remembered personally is the name of the party's Scottish regional office in Glasgow.

Tony Benn's suggestion of New Transport House was rejected as boring. Norman Adkins suggested Enterprise House, which sounds more like a new name for Tory HQ.

Any ideas? Place of Strife, Foot's Walk and Heffer's End are rejected on the grounds that I thought of them first.

Ladies first

One omission from an otherwise fairly witty *Debutant's Peepage*, the growing practice of calling married couples by the wife's name when she is regarded as the more dominant or more famous partner. Thus you know Mr and Mrs Esler Ramson (the television personality is married to television producer Desmond Wilcox); Mr and Mrs Prudence Glynn (the fashion writer is married to Lord Windlesham); and Mr and Mrs Gayle Hunnicutt (the actress is married to Simon Jenkins, former editor of the *Evening Standard*). I have not actually seen it but this way on official invitations, but I cannot be long.

Smash success

Alan Alda, who has been playing Hawkeye in *M*A*S*H* for nine years, stars tonight in *Jenny*, a film made in 1969 which is only now receiving its first British screening—on BBC 1 at 10.50. While others have come and gone from the Korean War medical sag, Alda has used the flip, sardonic character he

portrays as a basis for a career that firing on all guns.

He is said to receive \$200,000 for each episode of *M*A*S*H* and such is his star quality that his latest film, *The Four Seasons*, has survived lukewarm reviews in America to become a hit, grossing \$11.5m in its first ten days. He is writer, director and star.

Alda is strongly pro-feminist, and *Jenny* is very much in that vein. He has always refused scripts which he thought exploited women and returned one with the scribbled reply: "I won't act in this but if you tell me when it's opening, I'll picket."

Back again

Sally Mugabe, the Zimbabwe Prime Minister's delightful wife, is a frequent visitor to Britain these days. She was here a few months ago to receive the international Golden Sunrise award from the black community in recognition of her husband's statesmanship. Now she returns today to address the annual conference of the women's Commonwealth Countries League at Carlton Hall.

Mrs Susan Zwirnora, wife of the Zimbabwe High Commissioner, who will escort her during her four-day visit, tells me the visit is another indication of the warm rapport between Britain and Zimbabwe since the transition of power. Mrs Mugabe, who once taught in Britain, appears to bear no grudge about her imprisonment by the Rhodesian police when relations were less happy.

Peter Watson



P.O. Box 7, 200 Gray's Inn Road, London WC1X 8EZ. Telephone: 01-837 1234

LITTLE IN RESERVE

"First reckon, then risk" was the dictum of the great Prussian strategist von Moltke; and when the product of Mr. Nott's hectic reckoning was finally published as a defence White Paper yesterday, the risks were apparent, too. Since conscription was abolished some 20 years ago all British defence policy has been based on a calculated risk that the nation would either not need to mobilize for an emergency or would anyway have no time to do so. Mr. Nott's policy is no exception to that rule, but there is a glimmer of a recognition that such a fixed attitude to our future security, though intellectually respectable, is strategically irresponsible.

The paper, entitled "The Way Forward", defines Britain's four main defence roles: an independent strategic nuclear force committed to Nato, the direct defence of the United Kingdom homeland, major land and air contributions to continental Europe and a major maritime effort in the eastern Atlantic and the Channel. Some forces will also be held available for operations outside the Nato area. There is no question of abandoning the British contribution to any of these roles; but Mr. Nott has found that the soaring cost of equipment and of manpower has once again forced the Government to cut both the size of the services and the equipment which they need to fulfil the roles given to them.

Although Mr. Nott has taken care to point out that the defence budget will continue to grow in real terms, he has had to admit that the extra buck will not achieve a comparable extra bang. He has attempted to assuage his Conservative supporters with lists of weapons programmes which are intended to show how effective the forces will remain. But it is also clear

that the armed services will be asked to meet our defence obligations with less modern equipment, stretched over a longer life than had been intended for it. That is the risk. There is nothing wrong with the principle of risk-taking, particularly if it reawakens a greater spirit of improvisation in the area of weapons design. But it must be recognized for what it is, and the defence machine must be organized to react swiftly to a heightened risk should it occur.

However, yet again we have a defence review which concentrates most of the economies at the sharp end of our defence effort. All the services will lose manpower and firepower. There are the ritual invocations to the possibility that the civilian support and the headquarters elements will suffer equally to those in the front line, but that never seems to be achieved to the same extent. Although the total strength of all the forces has been massively cut for the last 20 years, the officer corps has not been cut proportionately, and that cannot be entirely excused with the argument that the extra complexity of equipment necessitates a more officer-intensive force structure. There is far to be cut out of the command structure of all three services.

At the other level, this philosophy must affect the central organization of defence and its civil service structure as well as its outstations — particularly in West Germany. The Prime Minister and Mr. Nott have now set up a different ministerial organization with no separate service ministers. It may be too soon to assess how much further integration at the senior level that ministerial restructuring should lead to. But this most recent exercise in defence pruning, like its prede-

cessors, has shown that the tri-service structure going right to the top level of Chiefs of Staff, does not give us that kind of comprehensive integrated defence planning which is necessary in the modern world. If the central military staff of the Defence Ministry is to be integrated, it is no good having a Chief of Defence Staff and an Assistant Chief who have spent a lifetime in their own services. It will be necessary to train an integrated planning staff over a much longer period and much lower down into the officer hierarchy. That is an even more difficult organizational battle for Mr. Nott to achieve than what he has done so far.

There is another equally important philosophical task for Mr. Nott on which his defence paper shows some encouraging signs. The main strategic concept of our defence policy which has been too long ignored is reserve power. Yet it should be axiomatic in the military world that every cut in the standing force is matched by an increase in the reserve. The expansion of the Territorial Army and the intention to acquire more ships for the naval reserve is thus to be welcomed. But these are still mere bagatelles in terms of the whole defence effort. Mr. Nott and his professional military advisers must become even more convinced of the advantage of reserve fire power, in the form of ships, aircraft and ground weapons, even when it does not meet the most modern standards of technology. It was another German general who said of his country's armed forces "I do not know when I will need them again. I only know we will." Mr. Nott's White Paper is a skilful political exercise but — mindful of that warning — he must also see that the future does not find him out.

LINKING THE POUND WITH EUROPE

The call for Britain to become a full member of the European Monetary System made by the West German Chancellor on Tuesday is shrewdly timed. Next week the United Kingdom assumes the Presidency of the European Community. Joining the EMS "snake" would provide a gesture of our commitment which could serve us in good stead in the months of haggling over the Community Budget which lie ahead.

There are also clear economic advantages which Britain would gain from greater currency stability. Industry has been trying to cope with living on a currency roller-coaster. The Government's policy is not to have a policy. Over the past two years this has been associated with a decline in our manufacturing output of 15 per cent largely because the pound has been overvalued. A million people have lost their jobs. Yet at the same time, those who work in parts of the economy which are not exposed to competition have had huge increases in their

living standards because the price of imports has been held down. The whole process could easily unravel. Sterling might start to fall rapidly as it did in 1976. Then we would face a new wave of inflation.

The only way of avoiding this mad reeling between deflation and inflation is to restore a measure of currency stability. The EMS in its present form is a far from perfect system. But it is the only system there is and it includes the countries which now account for the lion's share of our trade. As a very minimum, the Government should ensure that the pound remains stable against the system as a whole.

In the medium term, the Government would be wise to look at ways in which the pound could join.

bership of the European Monetary system with lower inflation and lower unemployment than we have known. Before any kind of exchange rate stability can be restored, however, the Government will have to decide how much it wants the pound to be worth. It will need strong nerves to resist the temptation to try to peg the pound at an overvalued rate. Going in to the EMS with the pound kept artificially high is attractive in the short term. It would put pressure on wages in the next pay round. But it would mean that industry was doomed to years more decline as it loses competitiveness.

The right moment to peg sterling would be when the currencies of Europe, led by the mark, have recovered some of the ground lost against the dollar. That would be a good moment to link sterling with them. A label which would combine the claims of competitiveness and price stability. It could come this autumn. The Government should be ready for it.

VICTIMS OF A FALSE ECONOMY

When a government department is faced with the need to make cuts its first instinct is to shield its central administrative apparatus while slashing away at the periphery of specialized services. We have already seen the knives reaching out to the Central Statistical Office, the Economic Advisory Service, museums, monuments and offshore supply services. In local government the bureaucrats offload any sacrifices on to meals on wheels, home helps, or any other service which actually helps the public.

The Foreign and Commonwealth Office is no exception. It has cut the British Council. Now it is slicing once again at the external services of the BBC. French and Italian broadcasts for Europe are to go, Portuguese for Brazil, Maltese, Burmese and Somali, as well as the transcription service. Admittedly there is to be more money for transmitters but this merely restores cuts made in 1979. Moreover, according to the BBC, some of the transmitters were planned for services now to be cut.

The trouble is that the periphery is where policies impinge most directly on people. This is certainly true of the BBC external services. They reach

out to a very large audience around the world both directly and through the transcription services, which sell programmes to foreign radio stations. If one of the aims of British diplomacy is to gain understanding for British views and British aims the BBC contributes as much as the central apparatus of diplomacy.

Even in countries regarded as friendly to Britain, which are to bear the main brunt of the cuts, it commands a large audience. For French, Italian and Spanish services in Europe the BBC estimates that about 4,500,000 adults, and while it might be assumed that they could inform themselves about Britain through their own media the evidence is that they cannot. The British point of view on the European Community budget, for instance, has generally been very poorly reported in France.

There is also another argument. The building of transmitters while obviously necessary, can be switched on and off in response to the flow of funds. Foreign language services cannot be treated in the same way. It takes years to build up an effective service and to win an audience for it. Once lost, neither staff nor listeners can be put together again in a hurry.

Yet the world can change quickly. For years the Portuguese service of the BBC seemed of only marginal use. Then came the revolution and Britain's voice was suddenly in great demand. During the attempted coup in Spain in February of this year the official Spanish stations provided no news, so many people turned to the BBC. Had the coup succeeded, would the Spanish service of the BBC now be cut? And is it really in Britain's interest to stop speaking to Somalia, a potentially unstable country with a huge population of refugees?

In the long view these are false economies. They bring marginal savings at the cost of long-term damage to British diplomacy. The Foreign and Commonwealth Office should look nearer home for savings. Some day some government must find a way to impose public spending cuts which reduce bureaucracy while protecting services which the public values. To achieve this it may be necessary to take the selection of cuts out of the hands of bureaucrats of the department affected, who are bound to have an interest in their own self-preservation.

General O'Connor

From Mr Ronald Lewin
Sir, Your obituary of General Sir Richard O'Connor (June 19) did full justice to his outstanding qualities as a military commander. I am not sure, however, that Mr Charles Douglas-Home, in his article about O'Connor (June 20), does equal justice to these qualities, generous though his intent may have been.

The papers to which he refers, as well as the account of his campaign against the Italians which O'Connor smuggled out of his prison camp in Italy, have long been familiar to me and he and I have discussed together the points at issue. I made use of these papers in my recently published book on Wevell, *The Chief*, the final draft of which was read by the General.

But these papers were written during or immediately after war. O'Connor then, for instance, had no conception of the complexity of reasons which caused us to send an expeditionary force to Greece — for

how could he? Wevell tried to explain the reasons to him. But O'Connor's central concern was the fact that he had not prolonged his triumphant advance as far as Tripoli. The anxiety to which he referred in your obituary — no less than Rommel's — was at its most intense.

The objective historical facts, however, are quite simple. There is little doubt that, even with his exhausted and ebullient desert force, O'Connor might have reached Tripoli against the demoralized Italian opposition. But the German Air Force already commanded the eastern region of the Mediterranean. The British Navy and the Air Force were in no condition at that time to run successfully the convoys which would have been needed to sustain a British presence in Tripoli. To supply a garrison there by land would have been inconceivably difficult. The notion that aid might have come from French North Africa is very dubious.

O'Connor and I often discussed these considerations, but though he

accepted them intellectually he could never dispel a haunting sense that at the time he not only should have been allowed to advance but should even have acted independently. All those who knew him were aware of his total commitment to the categorical imperatives of duty.

I believe that his sense of frustration at the time was magnified by inevitable brooding while in prison (as Mr Douglas-Home points out), and that he was never until the end of his days able to consider the issue dispassionately. In this matter his warm heart was stronger than his cool head. It is an attitude which does him great honour, but as the military reason for his defeat is clear, the background should be explained.

Yours faithfully,
RONALD LEWIN,
Canilla House,
Forest Road,
East Horsley,
Surrey.
June 20.

Playing the China card

From Mr Julian Amery, MP for Brighton Pavilion (Conservative)
Sir, Your leading article "Risks of the China card" (June 22) is remarkable for a glaring omission. It makes no mention of the reference to China's part in deterring aggression in South-east Asia.

There is a growing consensus that the main thrust of Soviet imperialism is likely to be directed not against Europe or China but against the main raw material-producing areas on which the industrialized nations depend for their survival. The oil of the Gulf and of North Africa, and the mineral resources of central and southern Africa are the ones most frequently discussed in Britain. But no less important is South-east Asia with its rubber, tin, oil and rice and its command of the Straits of Malacca — the choke point which controls the passage between the Indian and Pacific oceans.

It was to defend these vital world interests that the United States went to war in Vietnam and that Britain, Australia and New Zealand maintained forces in the area after Malaya and Singapore had attained independence. Since the withdrawal of American and British forces, however, it is Vietnam, with strong Soviet support, which has emerged as the dominant military power in the area. It has already conquered Laos and Cambodia and now threatens Thailand.

Only China, today, has the power and the will to stand up to the Vietnamese aggression. If it needs Western help to do so, surely it is our duty and interest to provide it. The threat to South-east Asia makes us allies and it is particularly Moscow-Peking's erstwhile partner in the Vietnam war that leaves us no valid alternative to playing the China card.

We would be fools, indeed, to discard the vain hope that to do so would improve the chances of arms control negotiations or lessen the threat to Poland.

Yours faithfully,
JULIAN AMERY,
112 Eaton Square, SW1.
June 23.

Media publicity effects

From Mr John Redfern
Sir, The blunt answer to Mrs Buchanan (June 20) is that the media are hardly in the business of not reporting news. I am sure the Press Council would agree with that.

Since unstable people can be disturbed by many things other than assassinations, newspapers would be doing a blank space if Mrs Buchanan had her way.

Yours sincerely,
JOHN REDFERN,
38 Abbot's Walk,
Cerne Abbas,
Dorchester,
Dorset.
June 22.

Standing orders

From Mr Tony Bunyan and Mr Steve Peak
Sir, The letter in your issue of June 17 from the American Embassy in London, D. Draper, on our contention that the standing army in the United Kingdom has been unlawful since 1955, seems to have deliberately avoided the basis of our argument.

The opening clause of the original Acts (the Mutiny Acts, and later the Army (Annual) Acts) passed by Parliament from 1689 to 1954 legalised the raising of a standing army inside the UK in peacetime for the defence of the realm. The effect of the provision in the 1955 Bill of Rights, Professor Colonel Draper correctly states, as we did, that the annual Mutiny Act and its successors also dealt with the size of the army and its internal disciplinary code.

What is at issue is that the opening clause of the pre-1955 annual Acts which legalised the raising of a standing army in the first instance has been omitted in subsequent legislation. It is this omission that has made the existence of the standing army unlawful since 1955. Parliament's consideration of the size and the funds to be allocated to the army does not satisfy the pre-condition that Parliament has to consent to the raising of the army, and it is "unlawful" if it does not.

Parliament, in its wisdom, passed annual Acts for over two and a half centuries in order to place limits on the power of the executive to use the army against the British people. Any suggestion that the army is to be used for the purpose of maintaining public order in the country, in Parliament and in the courts, today, the army is again being used in an extensive way inside the United Kingdom. It has been in Northern Ireland for the last 12 years. Troops have and are continuing to be used to break strikes.

If the liberties of the British people, which are the result of hundreds of years of often violent struggle against the oppressive use of state power, are to be preserved then the accountability of the army to Parliament is essential to the preservation of a democratic society.

Yours sincerely,
TONY BUNYAN,
STEVE PEAK,
State Research,
9 Poland Street, W1.
June 18.

The missing figure

From Miss Eve Crosland
Sir, In his view of the impact of certain politicians' illness and death on the course of history, David Wood (June 22) omits at least one significant figure. If Anthony Crosland (my brother) had not died when he did, the Labour Party might well have avoided its present state of confusion and disunity. He would, I think, have remained within the party, thus possibly preventing the formation of the new Social Democratic Party. This in turn would have given Mr Benn less scope for his machinations and the chances of a more unified Labour Party winning the next election would have been vastly increased.

Yours faithfully,
EVE CROSLAND,
Daneshurst Cottage,
Parkhill Road, NW3.
June 22.

Priorities in nuclear defence task

From Field Marshal Lord Carver
Sir, Your leader, "Making room for Trident" in today's issue (June 24), falls into the common error of confusing the argument for Britain to continue to possess her own nuclear warheads and the capability to design and produce them with the issue of continuing to maintain an independent strategic nuclear strike force.

The decision to replace the Polaris system with four new submarines, equipped with the Trident missile and new warheads, which is playing havoc with the defence equipment programme, stems from the latter. The only real argument for it is that the vast American nuclear arsenal would not be effective in deterring war in Europe, while a British independent strategic force would be. The fallacy of that argument was exposed in Lord Gladwyn's letter, which appeared in your columns on May 28. Retaining a British nuclear capability that did not insist on being independent and strategic would not incur expenditure on anything like the same scale.

There are two fundamental priorities for the defence of Western Europe. The first is to prevent a war taking place in Europe at all; the second that, if measures to deter are not taken, it should be brought to a halt as quickly as possible, before either side is tempted to resort to nuclear weapons. If that also fails, we would have to fight a conventional war, as described as "an unimaginable catastrophe".

Maintaining a strong, mobile

armoured army, supported by a modern tactical air force, as our share of Nato's forces in the Central Europe sector, is a far more effective contribution both to a deterrent to war and to containing the enemy's forces if that fails than either duplicating the vast strategic nuclear strike capability of the United States or keeping aloft anti-submarine helicopter platforms that could be provided at less expense in other ways, and which only have a marginal effect as a deterrent to war or to its containment, if deterrence failed.

The essence of the problem has not changed since Basil Liddell Hart published his book, *Deterrence or Defence*, in 1960. In the chapter, "Basic problems of Western Defence", which is as relevant today as it was then, he quotes Harold Macmillan, then Secretary of State, as saying: "The only way to prevent war is to prevent it. There will be no campaigns like the old ones, with victory at the end of a long and balanced struggle, total war today can only mean total destruction."

To that, he added his own comment: "The prime need today is to reinforce the B-bomb deterrent, which has turned into a two-edged threat, by developing a non-nuclear, ground and air force, ready for use without hesitation or delay."

Yours faithfully,
CARVER,
House of Lords.
June 24.

US views on Ulster

From Professor Yorick Wilks
Sir, Your correspondents have drawn attention to the extraordinary statement of the American Embassy in London, in the case of Mr Peter Jay (June 24), have gone on to argue that the situation cannot be changed so we should give them what they want anyway.

The problem is not limited to Ireland: in California he last month I was greeted by an apparently well-educated stranger who said that he had heard an English agent wanted to shake my hand and give him his passport and helped liberate my country. No doubt many of your correspondents would have had an appropriate reply ready, but I am afraid I took the day's dumbstruck.

Yours sincerely,
YORICK WILKS,
University of Essex
(Department of Language and Linguistics),
Wivenhoe Park,
Colchester.
June 24.

Gestures of conciliation, as adumbrated by Mr Jay, will, as experience has shown, exacerbate the violence and increase pressure from America and elsewhere to "do something". The American Embassy in London, which is not helping those who try to bomb, starve and murder Ulster into the Irish Republic.

The present issue is not unification because there is no present prospect of that. It is the containment and discouragement of those who mean to force instant unification and then, in the classic fascist manner, force themselves upon Ireland itself. By pretending otherwise, Mr Jay and some of those who are doing a grave disservice to the United Kingdom and to the Irish Republic.

Yours,
HERB GREER,
c/o Film Rights, Ltd.,
113-117 Wardour Street, W1.
June 24.

From Mr Peter Holliday
Sir, It was refreshing to read the contribution of Mr Peter Jay to the Irish American problem.

My religious and political beliefs tend to identify me with the majority in Northern Ireland. And yet it seems absurd to me that it is not accepted in public by any British Government that the only long-term solution to Ulster is eventual "Irish unity and British disengagement".

Both Conservative and Labour governments place great importance on upholding the constitutional and political wishes of the Northern Irish. But why should the Ulster electorate alone decide? There is a strong argument for involving the republic. But if the constitutional and political wishes of such an approach are insuperable, what about the rest of the United Kingdom electorate?

Yours faithfully,
PETER HOLLIDAY,
Cadenza,
Roman Lane,
Stutton Coldfield,
West Midlands.
June 24.

West Indians in school

From Dr G. Driver
Sir, I wish to refer to certain allegations made or implied in the Rampton report concerning my recent research on the subject of West Indian pupils' performance in five inner-city secondary schools. I do so particularly because those allegations reflect upon my professional competence and personal integrity.

It is factually incorrect to state, as the report does, that the findings of my article in *New Society* (January 17, 1980), were not substantiated by the full report published in March 1981. The Commission for Racial Equality and entitled *Beyond Underachievement*. Furthermore it is misleading to imply that I made "educational conclusions" which assumed that the findings collected for only five schools was valid over the entire school population. The limitation of my study in this respect is explicitly stated in both publications and the chapter of the full report, entitled "Summary and conclusions", contains no comments or prescriptions for what should be done in our educational institutions. My main findings were:

1. West Indian girls and boys achieved better results than the most poor, better than those obtained by English boys and girls.

2. Among English pupils, the boys usually obtained better results than the girls while, by contrast, West Indian girls obtained generally better results than West Indian boys.

I regret that a Government report on so sensitive an issue should so conspicuously fail to make a balanced judgement on the available evidence.

Yours sincerely,
GEOFFREY DRIVER,
Centre for Social Work and Applied Social Studies,
The University of Leeds.
June 25.

the premiums paid to UK lamb producers, was the reason for large quantities of home-produced lamb being available in Britain last year.

Let us hope that, despite the efforts of the Minister of Agriculture in Brussels, the "clawback" arrangements will not be modified and that the British housewife can continue to enjoy the benefits of cheap lamb this year. It is about time that the British consumer derived some benefit from EEC membership and here is a golden opportunity for it to be so.

In any event, why all the fuss about the "clawback"? It was, after all, the inevitable price of getting the Community sheepmeat regime which was demanded by British farmers. The French were bound to insist on a "clawback" to prevent subsidized British lambs competing in their own markets and undercutting French lamb producers. Our own minister will similarly be obliged to protect the British poultry industry from French competition, irrespective of whether the huge subsidies paid in the form of regional aids to new producing and processing plants in Brittany are "legal" or "illegal" under EEC rules.

Yours sincerely,
JACK BAILEY,
National Federation of Meat Traders,
29 Linkfield Lane,
Redhill,
Surrey.
June 17.

London pride as a tourist city

From the Chairman of the London Tourist Board

Sir, As Mr Frank Johnson's comments on tourism (June 23) were almost entirely directed at the visitor to London I feel I should not let them go unchallenged. Nor being "some crafty official of a Government department" but chairing an organization which brings together the statutory English Tourist Board, the commercial interests involved in tourism in London, and the Greater London Council, I won't bombard him with the millions spent in London by tourists.

The London Tourist Board exists because travel is now more available, and to a greater range of people, than ever before and the explosive growth in travel requires management. Young people and their elders rightly seek out and learn from the cultures and traditions of other nations, and there is no way that Mr Johnson's diatribes will stop them. But travel should not degrade either host or guest and to that end we work to ease congestion and to maintain a stable year-round employment base by promoting the tourism of winter visit, and by providing information about lesser-known attractions beyond the golden triangle of Buckingham Palace, Westminster Abbey and Trafalgar Square. And where employment is concerned, I wonder why it is somehow thought nobler to produce a family-priced car in a loss-making manufacturing industry, than to provide a family-priced meal in a healthy service industry.

The almost invisible business visitors, often transported from hotel to conference centre by those efficient "troop carrier-like coaches" bring not only spending money, but prestige to our professions and orders to our industry. Amongst the wash of statistics I am sure you will have remarked the fact that the great majority of London's tourists are British. We are hosts to them in their own capital. We hold their treasures on trust; and I for one intend to continue to seek a warm welcome for all who come to pay their respects to this ancient society of ours.

Yours sincerely,
MARY BAKER,
London Tourist Board,
26 Grosvenor Gardens,
Victoria, SW1.
June 24.

Beyond the pale

From Mr Ed Bresnan and others

Sir, Having seen some short television clips of the first round at Wimbledon, we feel obliged to apologize for the unspeakable rotten conduct of John McEnroe.

You have our permission to throw out the tournament this night of all Americans.

Yours, etc.,
ED BRESNAN,
JERRY COWLE,
ROGER DOWNING,
JAY HOUTZ,
MIKE SOZANSKY,
2777 Wilshire Street,
Los Angeles,
California.
June 24.

From Mrs Karen King

Sir, Can anyone tell me what fine is imposed on a line judge who makes a patently wrong call for the first time? And the second time? And the third time? I am anxious to report that the top professional tennis tournament in the world has umpires and line judges who will be "out of pocket" through officiating at Wimbledon (report, June 24).

Yours faithfully,
KAREN KING,
48 Southdown Road,
Fareham,
Hampshire.
June 24.

Whitehall Theatre

From Mr Monty Moss

Sir, A mention in your columns on Friday (June 19) that the Whitehall Theatre may be turned into an amusement centre prompts me to ask how we can go about getting that theatre removed from Whitehall.

Any theatre in Whitehall would be inappropriate and one offering the worst of the Whitehall Theatre normally offers is doubly so.

Yours faithfully,
MONTY MOSS,
Moss Bros Ltd,
Covent Garden, WC2.
June 22.

Camside reflections

From Professor Glyn Daniel

Sir, A slight inexactitude has crept into Philip Howard's generous review in today's *Times* (June 25) when he says that I shall be retiring from St John's College this year. Fortunately that generous seat of learning and research does not retire its ageing fellows and I hope to continue writing in my beautiful keeping-room overlooking the Backs until I am translated to some Elysian Institute of Archaeology where I suspect Sir Mortimer Wheeler is still digging, if the foundations of the heavens are susceptible to such earthly activities.

St John's already has among its hundred or so fellows half a dozen over 80, and two, Sir Frank Englewood and Sir Harold Jeffreys, over 90.

Yours faithfully,
GLYN DANIEL,
St John's College,
Cambridge.
June 25.

THE ARTS

Cinema

Bergman's inimitable view of human relationships

From the Life of the Marionettes (X)

Academy 2

For Your Eyes Only (A)

Odeon, Leicester Sq.

All Night Long (A)

Plaza

Happy Birthday to Me (X)

Warner West End 2; Cinecenta, Leicester Square; Studio, Oxford Circus

There is the obstacle, these days, in approaching a new Bergman film that the irresistible first impression is of someone imitating Woody Allen imitating, in his serious person, Ingmar Bergman. Allen, in his affection, has so exactly echoed the bleached-out black and white images, the austere sets and compositions, the confessional closeups, the despairing (not desperate) view of human relationships that it is hard at first to see them quite as we saw them before.

Very soon though, *From the Life of the Marionettes* affirms how unmistakable and inimitable is Bergman's view of the Manichean hell of human sentiments and relationships. He travels with his own universe on his back. *From the Life of the Marionettes* was made in West Germany, but the people who inhabit it might come from any of the films Bergman made in his native

Sweden before he was harried into exile by the tax authorities. The film is more instantly accessible than many that have gone before. It relates the investigation of a sensational murder, though the quest is not for the killer but for his reasons. It begins with the killing and posthumous rape of a friendly prostitute — shot in colour in the lurid setting of a tatty live-sex peepshow. The murderer is a good-looking young business man, well liked by everyone and apparently happily married. The police investigations however uncover a story of tormented relationships.

Yet (and this presumably is why it is the life of the marionettes) it is such relationships, however awful, which shape our lives. The murderer, Peter, is motivated, as we discover, less by a spontaneous will to kill than by a desperate desire to control him. His wife is a dominating career woman for whom their childless marriage has been a failure. Their sexual relationship is based significantly on fantasies of humiliation. His mother is egocentric, wanting to possess him in the same abstract monumental way as she clings to her old, overbearing house. The wife's homosexual business partner hovers like a bird of prey, waiting for the moment when Peter might fall to him. The psychiatrist to whom Peter turns for help is more interested in an affair with the patient's wife than with the patient himself.

Small wonder then that Peter is driven to nightmares and hallucinations of murdering his wife, and finally to realize these fantasies at the expense of his substitute victim before retreating into a mental hospital and a life of isolation.

Bergman is inimitable in his ability to make compelling drama out of lives so bleak and inescapable (there is a rather over-the-top symbolism in the scene where Peter, trying to avoid his crime, finds all exit doors locked against him). Removing every extraneous distraction, emptying the image

until only the people remain, Bergman shows us that there is more drama inside a human mind than any other theatre can contain.

In one remarkable, extended scene, the homosexual, who has until now presented the social appearance of a cheerful, considerate clown, delivers a long monologue, mostly addressed to his mirror image, which transforms the terrors of age, of loneliness, of wilful degradation of sexual ideals into a devastating human tragedy. In another sequence, simpler but no less remarkable, Peter dictates a business letter to his secretary, and the twists of his thought expose the tormented complexities of his mind as clearly as a dissection would reveal intestinal structures.

The narrative of the police investigation shoots backwards and forwards in time, laying the story out in pieces that are put together again like a jigsaw puzzle which, when completed, is a psychological portrait of Peter. Then, however, the film delivers its rather startling climax. The psychiatrist, offering his "provisional report", delivers an analysis of the case in terms so crudely naive as to leave us bewildered. Can Bergman really believe so simplistic a reading of a mind portrayed with such subtle care; or is it intended as an ironic comment upon the inadequacies of scientific knowledge of the mind?

However we credit this crass attempt to rationalize, though, it cannot detract from what has gone before, or Bergman's insights into the workings of our souls and sentiments. It still is a vision like no one else's in its ability to reflect the human mind in pictures that are always extraordinary and arresting. (Bergman works with his customary cinematographer Sven Nykvist). Images like the dream of the naked couple isolated in a great field of white, or the oppressive mirror-maze of the homosexual's apartment, afford a sense of spectacle more thrilling than all the massed opulence of Hollywood.



Peter (Robert Alizon) in vain search of help from the psychiatrist (Martin Benrath)

The James Bond films are a fact of life. They sell as surely as potato crisps, and aesthetic considerations have nothing to do with it. *For Your Eyes Only* is no better or worse than or very much different from its immediate predecessors; though over the years there has been an appreciable change. At first the films aspired to a degree at least of sophistication in the throwaway dialogue and the tongue-in-cheek attitude to sex. Now they acknowledge that all the audience asks for is fast schoolboy adventure. There is no more pretence at probability, no attempt at sophistication in dialogue or character or relationships; not even any very great effort to make the stuntmen look much like their character doubles. Disbelief, it is clearly assumed, is rapturously and totally suspended.

The manufacture of Bond films must now be a fairly mechanical business — the invention of stunt coordinators and stunt men (which, certainly, are better than ever in this one), the creation of clever film editors. The dramatic bits between the set pieces don't count for much. Roger Moore's

Bond is a very constant factor (though as he gets craggier an element of isn't-the-marvellous-for-his-age must (spice the credulous faith that the stuntmen and he are one). The girls (here Carole Bouquet) are needed for their looks. The locations (Cortina, the Greek Islands) are clearly designed as happy reminders of package holidays.

Gag codas are a special feature of the Bond series: this one has Janet Brown and John Wells doing their Maggie and Dennis turn. Is this particular double-act as keenly appreciated abroad as here, one wonders, or will versions for American distribution need to have a Ron and Nancy alternative?

All Night Long is one of those misfortunes that happen far too often. There is, it seems, a complex and quite interesting inside story to explain why, improbably, Barbara Streisand took over the leading role from Lisa Eichhorn at an advanced stage of production, inevitably throwing off-balance an already shaky scenario.

It seems less like a scenario, indeed, than a haphazard selection of scenes from some long-

running television series. Gene Hackman battles hopelessly to discover any consistency in his character as an executive who revolts against the system, is demoted to manager of an all-night supermarket, and ends up walking out on marriage and responsibility to start a new life. Streisand, affecting a Marilyn Monroe baby voice which hardly fits the face, is the seductress who guides him off the rails. There are some funny lines, but there is very little sense; and the most amusing performance in a generally tiresome film is Dennis Quaid as Hackman's ineffectual slobbish son. *Happy Birthday to Me* is this week's Canadian-made horror film and a carbon copy of the rest. The same luscious, indistinguishable soporifics are bloodily slaughtered, one by one, like Ten Little Wonders, by a mysterious maniac. This film piles up the red herrings and false leads in such quantity that it drags on to an interminable 111 minutes before its ending, of surpassing absurdity. It was directed by the British veteran J. Lee Thompson, who at 67 years old should know better.

David Robinson

Books

Cockburn Sums Up By Claud Cockburn

Quarter, £8.50

"The way" I said "that some women in bed try to lure you into saying something disobliging about one's wife."

The "I" in question is Claud Cockburn, who is the prime embodiment, literally, of the third law of journalism. The first two are: a moderate ability to write, and (according to Nicholas Tomalin) "rat-like cunning".

The third is an ability to bite the hand that feeds you. Perhaps we should dub this Cockburn's Law.

It wasn't a woman in his bed who was trying to get Cockburn to say something disobliging. It was that experienced bawd, Lord Beaverbrook. Patron of many others, Michael Foot and Angus Macdonald.

Cockburn had been asked along to dinner at Beaverbrook's flat behind the Ritz, in order to take part in a small-scale Roman Games for the good Lord's amusement. Beaverbrook wanted Cockburn to rat on his friends in the way he has already ratted on (for example) *The Times* when he worked on it.

The fellow-guests of the ex-communist Cockburn included a drunken Randolph Churchill and various figures from the 1930s past, who had an air of having been exhumed: some seeming to be skulls with raised lips and others still having tatters of skin and shrunken flesh above their black teeth or "white teeth".

This was almost twenty years after the war. Beaverbrook was well into his decline (he died in 1964). Cockburn need not have gone. But he went. I suppose under the impetus of the fourth law of journalism: Go where the power is (or, at a pinch, was); you may learn something.

The Beaverbrook anecdote is one of the little gems on to the end of Cockburn's new-old book. There are 30 chapters. Of these, 25 are simply edited down from his previous collection of autobiographical sketches, *Everyday*. Every paragraph in this, the major part has — so far as I could check — appeared before. It is just that a lot of intervening paragraphs have been cut out. The publishers do not seem to have noticed.

All journalists will tell you about the need for novelty. Claud Cockburn is evidence for the power of repetition.

When, in his mind, graphed sheet, *The Work*, he was wanting to establish the idea of a "Cliveden set" that was busy fixing British policy behind the scenes, he printed the story once and no one noticed. He printed it a second time — and a few did. He printed it a third time — and it became common currency.

Perhaps repetition is the fifth law of journalism. Certainly, all the old anecdotes are here. Like his experience on the *Daily Worker* and other red rags, inventing such propaganda myths as the non-existent Tetan Offensive in the Spanish civil war. And, conversely, winning the prize, as a *Times* sub-editor for the most boring headline: Small Earthquake in Chile. Not Many Killed.

This was still a legend when I joined *The Times*, many years afterwards. I tried to beat with: United Nations General Assembly Opens Today: Quiet Session Expected.

In the "reader's digest" version of Cockburn it is the personal side that suffers. Cut, his account of how his children got polio reads almost unfeeling. The full version doesn't. Cockburn is a man of our time. The 20th century — and the 1930s especially — romanticised the newsmen. Him and that sort of different character, the spy. The journalist became our anti-hero: the equivalent of poets like Byron or Shelley a hundred years before.

Then, a journalist like De Quincey was a poet memoirist in the thirteenth century. Cockburn was a Cockburn manqué.

Paul Barker

Theatre

Room

Theatre Upstairs

More, it seems, through threats of litigation by the Woolf estate than through personal choice, Natasha Morgan's dramatized petition for rights to domestic solitude is a highly-charged original piece owing little to Virginia Woolf's *A Room of One's Own*.

Its starting point is the same: a woman needs a small independent income and her own study if she is to get any creative work done. Beyond that, the production presents the inequitable existing state of affairs, sometimes withdrawing for historical long-shots and public lectures, sometimes zooming into the daily female frustrations of unpaid household drudgery and incessant interruptions.

The show is built around a letter from a wife to a husband, laying out her demands for a new deal, and ending with the postscript that she has had to leave the baby crying for two hours to write it. During its composition (the actual show lasts only an hour) we get scenes of unthinking male selfishness, nursery fables, journal entries, dinner parties, and anger bursting like a freak storm out of sullen routine.

Neither the ideas nor the dialogue are particularly striking, but the *mis-en-scène* is another matter. The piece is about space, and it makes its main statement in spatial terms.



Natasha Morgan, a dramatized petition for rights to domestic solitude

Sealed-beam lighting (by Rick Fisher) turns the stage floor into a honeycomb of magically enclosed areas. A spot illuminates a coat on a hanger behind a lectern, a cheroot in a smouldering, uncannily evoking the ghost of Mrs Woolf. Two fish tanks glow like moons in the darkness.

The writing table is covered with a window frame, forming a miniature stage for a dinner party attended by leading male cut-outs. There is an extraordinary moment when a mass of papers on the book-cramped floor stirs into life, and the writings of Aphra Behn and her descendants writhe into the air like cobras.

Miss Morgan has worked with

the experimental People Show, but her model here seems rather to be the method of Taddeo Kaster, with its inmate life tricks, simultaneous action, integration of performance and pre-recorded sound, masks, and musical control of pace and climax. The wife's experiences are thus passed on direct to the audience through

the bombardment of distractions and abrupt amplified demands.

It may not cut much ice to say that women have to run the house while men take it easy. It does mean something when the wife unspools the washing while the husband pounds his typewriter in accelerating rhythm until she dumps the lot on his

machine and goes off to shoot the baby.

Obviously restrained for most of the time, Miss Morgan snaps to great effect. She is well supported by Jenny Curran, Helen Cooper, and Nigel Hughes.

Irving Wardle

Concerts in London

Brilliance and simplicity

Vladimir Ashkenazy

Festival Hall

Though the demands of Beethoven and Chopin are so different, Ashkenazy has never found them incompatible. No other two composers have shared as much of his life. Once more he divided his time between them on Wednesday. The piece is about space, and it makes its main statement in spatial terms.

ECO/Perahia

Queen Elizabeth Hall

It always used to be reckoned that playing a Mozart piano concerto and conducting an orchestra were both full-time jobs. But nowadays, inspired by Mozart's own procedures and

the high skill of modern chamber orchestras, there are plenty of players eager to play both roles. As Murray Perahia did on Wednesday.

In the first of them, K271 in E-flat, his mastery (of the situation) was never in question. Perhaps, at the very start, he had the orchestra move a shade quicker and more perkily than he wanted for the solo music; the ritornello seemed a little self-consciously "early", but at the piano entry proper the phrasing became more sophisticated, the emotional texture decidedly thicker. He needed that greater scope, to accommodate the richness of his tone, the delicacy of his shading, the breadth of his phrasing — his control of the tension in the stretches of passage-work shows the large scale of his thinking.

The Andantino was still more powerful, with the crystalline purity of his diction and the steadily increasing intensity with which he imbued those

music told its own nobly romantic tale.

From Beethoven Mr Ashkenazy chose the last two movements. While he caught the spiritual grace of the A-flat work with its limpid tone and simple lyricism, it was an interpretation bordering on understatement, with slightly faster than usual tempo for the first movement, and not quite the aching intensity in the Arioso that we often hear.

But the first movement of the C minor sonata was turbulently passionate and strong as well as fast, and where Beethoven reaches out to the stars in the finale Mr Ashkenazy went with him all the way.

Joan Chissell

ornament-entrusted lines, so that the climax — that passionately rhetorical cadenza — had a force akin to that of the different but analogous outburst at the parallel point in Beethoven's G major concerto.

The late C major concerto K503 — new to Mr Perahia's repertoire — is bigger, more complex, and more demanding; the division of his attention told here and there. But here too the critical linking passages were neatly held; and in the Andante there was some gently languorous playing which if not so deeply felt might have seemed indulgent. The remarkable feature was the slow (and variable) tempo for the finale, which assumed new weight but at the same time a new, and perhaps not quite truthful, romantic warmth; but this is a case where beauty, if not identical with truth, had to be allowed to override it.

Stanley Sadie

Dance

American youth personified

Twyla Tharp

Sadler's Wells

One reason why Twyla Tharp's second programme, given at Sadler's Wells on Wednesday, drew a long line at the box office was that her choreography and her company are as American as pecan pie. Transatlantic ways and fashions have always had an attraction for English audiences (their grass is taller as well as greener), and she shows the world of American youth, from small-town dreams to big-city slickness.

Even the range of ethnic types among the dancers (two black, one Japanese and an assortment of different whites) is itself typically American. Those dancers, incidentally, are as strong a team as we have seen in a long time. Tharp has managed to keep both the quality and the manner of the company over the years in spite of changes of personnel and an increase in total numbers.

A consequence of that is that the one familiar work on the programme, *Eight Jelly Rolls*, maintains all its former charm and impact although newcomers have taken over the roles once memorably danced by such individuals as Rose Marie, Wright, Sara Rudner and Tharp herself. Jennifer Way's relaxed assurance, Shelley Washington's sharp definition and the wayward, punchy comedy of Christine Uchida are entirely different from their predecessors but make an exactly equivalent effect.

The three new works all show Tharp's love of unexpected juxtapositions, but in strikingly varied contexts. *The Rags Suite* sandwiches Mozart's variations on "Ah, vous dirai-je, Maman"

between two Scott Joplin numbers, an unusual statement for the pianist, Penelope Roskell, and elegantly carried off. On stage, Shelley Washington and the stylish John Carraffa prove equally accomplished in what is probably an even more tricky mixture, since Tharp's choreography expects them to change techniques and manners not only from one section to the next, but sometimes within a single phrase.

Any movement is grist to Tharp's mill. Grimaces, for instance, are choreographed in with the varied dance styles of *The Rags Suite*. One of her *Short Stories* uses sporty movements to tell you a lot about its four dancers; in the other, to Supremacy's rock song "Lover Boy", the dancing looks like the ordinary behaviour of ordinary young people until a

situation of savage cruelty arises, then subsides, leaving its victim ignored by the others.

In *Assorted Quartets*, Uchida and Katie Glasner, with John Malashock and Keith Young, undertake a range of swift, difficult entries with confident good humour that they look almost easy and convey a sense of fun which is heightened when, after they have danced about half the work unaccompanied, a fiddler (Brian Stone) walks on stage and plays horripiles during the rest of the dance.

The dancers are dressed with flair and usually with a touch of humour, most of the pieces being designed by Santo Loquasto, and Jennifer Tipton's lighting unfailingly catches the right mood with unobtrusive skill.

John Percival

SINDEN COWARD
PRESENT
LAUGHTER
VAUDEVILLE
01-8369988

THE MAN WHO PAINTED THE PANTHER PINK
and taught you to court a lion
now unravels Hollywood's S.O.B.

BLAKE EDWARDS

S.O.B.

ALL THE ACTORS, ALL THE ACTRESS, ALL THE MUSIC, ALL THE DANCE, ALL THE HUMOUR, ALL THE ACTION, ALL THE ADVENTURE, ALL THE EXCITEMENT, ALL THE THRILL, ALL THE SUSPENSE, ALL THE ROMANCE, ALL THE PASSION, ALL THE LOVE, ALL THE HATE, ALL THE BETRAYAL, ALL THE DEATH, ALL THE GLORY, ALL THE FAME, ALL THE POWER, ALL THE WEALTH, ALL THE BEAUTY, ALL THE YOUTH, ALL THE VIOLENCE, ALL THE CHAOS, ALL THE MAYHEM, ALL THE ANARCHY, ALL THE DESTRUCTION, ALL THE CONQUEST, ALL THE TRIUMPH, ALL THE VICTORY, ALL THE SUCCESS, ALL THE HAPPINESS, ALL THE PEACE, ALL THE JOY, ALL THE LOVE, ALL THE LIFE, ALL THE DEATH, ALL THE GLORY, ALL THE FAME, ALL THE POWER, ALL THE WEALTH, ALL THE BEAUTY, ALL THE YOUTH, ALL THE VIOLENCE, ALL THE CHAOS, ALL THE MAYHEM, ALL THE ANARCHY, ALL THE DESTRUCTION, ALL THE CONQUEST, ALL THE TRIUMPH, ALL THE VICTORY, ALL THE SUCCESS, ALL THE HAPPINESS, ALL THE PEACE, ALL THE JOY, ALL THE LOVE, ALL THE LIFE, ALL THE DEATH, ALL THE GLORY, ALL THE FAME, ALL THE POWER, ALL THE WEALTH, ALL 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users cannot
win, page 23

Business News

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pits, page 23

Stock markets
FT Index 544.8 down 3.6
FT Gilt 65.96 down 0.28

Sterling
\$1.9550 down 250 points
Index 94.7 down 0.9

Dollar
Index 108.9 up 1.0
DM 2.3885 up 128 points

Gold
\$445.50 down \$16.00

Money
3 mth sterling 104-104
3 mth Euro \$ 181-181
6 mth Euro \$ 171-171

IN BRIEF

No action on bank giro charges

Government action in the row over increased bank giro charges to mail order companies is unlikely, a joint parliamentary and trade union deputation was told yesterday.

Mrs Sally Oppenheim, Minister for Consumer Affairs, is waiting to see if the problem can be solved through talks between mail order companies and National Giro. National Giro hopes to offer mail order companies a cheaper deal.

MPs from Lancashire and Yorkshire, where most mail order companies are based and officials of the Union of Shop, Distributive and Allied Workers (USDAW) had asked Mrs Oppenheim to intervene over bank giro charges.

Charges were about 5p a transaction but have risen to 32p and more adding around £32m a year to mail order costs. This comes on top of difficult trading in the last year which has clipped profits.

USDAW fears the extra costs from the giro increases could mean the loss of at least 5,000 jobs. Liverpool-based Littlewoods, one of the leading mail order companies, is already phasing out 800 jobs.

Any Government action would probably be under the Competition Act.

Talks on plant future

MPs and industrialists met Mr Kenneth Baker, industry minister, yesterday to air their fears about the future of Esso's proposed \$306m ethylene plant at Moss Moss in Fife. Mr Henry Hornsby, director-general of the Process Plant Association, said two companies could go out of business and 2,000 jobs could be endangered if the plant orders did not go ahead.

Harvester cuts 720

International Harvester is to make 720 workers redundant, 635 at its Doncaster plant and 85 at its London headquarters. The company said reduced demand for its products, including tractors, had made compulsory redundancies inevitable.

Fire damage

The cost of fire damage in Britain last month was £26.6m compared with £34m last year, the British Insurance Association announced yesterday. There were 13 fires costing £250,000 or more; the largest estimated was £1m at a London restaurant.

UK stocks fall

Stocks fell by 47.6m in the first quarter of 1981. Department of Trade figures show. Manufacturing stocks went down by £600m, whilst retailers boosted their stock holdings by £146m, and investment in industry fell 21 per cent to £2,300m.

Takeover rejected

The National Coal Board Pension Funds have had their biggest United States property takeover bid, the £132m offer of \$33 a share for Connecticut General Mortgage and Realty Investments rejected.

Computer orders

ICL has received more than 50 orders valued at £2m from Australia, South Africa, Continental Europe and Britain for its new small business computer.

Vulnerable engineers

One third of British mechanical engineering companies are financially vulnerable according to a new survey by the business information company Dun & Bradstreet.

Wall Street down

The Dow Jones industrial average closed at 996.77, off 2.56 on Wall Street yesterday. The S&P 500 exchange rate was 1.5446 while the £=SDR rate was 0.586765.

EEC ministers agree on new steel pact

By Peter Norman and Peter Hill

EEC industry ministers have agreed on a new set of rules intended to help pull the European steel industry out of its present crisis.

After 12 hours of negotiation, ministers settled early yesterday on a timetable for the elimination of state aids to the steel industry; a new regime to limit production and so, it is hoped, raise prices; and a financial contribution from the EEC towards the cost of short time working and early retirement among steelworkers in Britain, France and Belgium.

As the talks ended, Mr Gijbert van Aardenne, the Dutch economics minister, announced: "The EEC steel industry has taken a great step forwards".

In reaching agreement, the ministers managed to reconcile a complicated mixture of interests and priorities among the member states. They were under pressure because a replacement had to be found for the present system of compulsory production quotas which expires at the end of this month.

A solution was made doubly difficult because the West German Government made its assistance conditional on the other member states agreeing to cut state subsidies to their own industries. Bonn believed that the proliferation of subsidies in Europe helped to keep prices artificially low and forced the efficient West German industry into making heavy losses.

For the next 12 months, production in the European steel industry will be governed by a mixed system of compulsory quotas set by the EEC Commission and a voluntary restraint pact worked out among the steel producers themselves.

The ministers agreed to subject the output of reinforcing bars and merchant bars to mandatory quotas. At a meeting earlier this month, it was agreed that production of coils should also be controlled by the Commission. As a result, about 65 per cent of EEC steel output will still be subject to quotas.

while the producers themselves will control the production of reinforcing bars, wide flat products and heavy sections and wire rod. The latter products, however, will be under close Commission scrutiny to ensure that the market stays under control.

In return for obtaining West German approval, the other nine member states agreed to a specific timetable for what one official described as "subsidy disarmament". It was agreed that virtually all aids should cease by the end of 1985.

The package has significant implications for the British steel industry, particularly since Mr Ian MacGregor, British Steel's chairman, is scheduled to complete his interim review of the corporation's corporate plan in about a month. Improvement in prices and in demand is vital to avert further retrenchment.

Mr Norman Tebbit, industry minister, speaking in London after his return from the talks, was enthusiastic about the success of the EEC meeting. British Steel's chances of survival, he said, had been boosted by the agreements reached.

Last year, the corporation received £1,100m of government finance to cover losses and help with plant closures and redundancies.

The significance of the package is that it greatly enhances the possibilities of British Steel surviving, coming through into profit, and being a successful part of the Government's strategy of reducing financial subsidies to the nationalised industries. It also means for the independent producers there is a little more hope, he said.

Emergency aid—cash injections to stave off bankruptcy that are in no way linked to restructuring schemes—will not be allowed after June 30 next year. Aids for modernisation and rationalisation will have to be approved by the Commission before July 1, 1983 and paid by the end of December 1985.

Coal set to reach new export record

By Peter Hill
Industrial Editor

Coal exports this year are expected to reach 10m tonnes—their highest level for almost 25 years—and on present trends could reach 15m tonnes in four years' time.

Sir Derek Ezra, the National Coal Board's chairman, forecast yesterday that the boom in coal exports, which is helping to reduce the 22m tonnes of coal held in stockpiles at Britain's pits, would generate foreign currency earnings totalling an estimated £300m this year.

Improved export shipments have been boosted by problems in the Polish coal industry and industrial problems in Australia and the United States, both major coal-exporting nations.

The NCB, which last week received a £300m additional Government subsidy in the wake of the threatened miners' strike last February, has been stepping up its export sales drive. The major customers for British coal are in Western Europe and include West Germany, France, Denmark and Finland, although East European countries are also developing their purchases of British coal.

If the export sales targets for this year are realised, they would represent a doubling of export cargoes from last year's levels, when almost 5m tonnes of coal and 650,000 tonnes of coke were exported by the NCB, and would rank as the highest level since 1957.

But the exports are being made by the NCB are not producing profits, and at most the export sales are achieving a break-even, although the Board's cashflow, it is claimed, is healthy. Figures also show that, in the three months to April, total crude oil production from the United Kingdom's offshore and on-shore fields reached a record of 2.2m tonnes, compared with 2.1m tonnes, most of which is exported.

Oil exports, which are valued at 11.7 per cent on a year earlier.

SEAGRAM BIDS FOR CONOCO

By Our US Economics
Correspondent

Washington, June 25

The Seagram Company, of New York, today offered \$55 per share for Conoco Inc., an oil company in a bid worth almost \$2,560m (£1,248m). The Canadian company has set a deadline of July 24 for its offer. It intends to acquire 35 million Conoco shares.

Trading in Conoco shares on the New York Stock Exchange was halted today, but not because of the Seagram plans. Conoco and the City Service Company of Oklahoma had indicated to the exchange that they were likely to make a takeover announcement. The Seagram announcement, however, resulted in Conoco and City Service postponing their statement.

If Conoco and City Service merge they will form America's seventh largest oil company with annual sales of about \$26,000m.

Cable and Wireless competes with Telecom Inter-city on the thin glass line

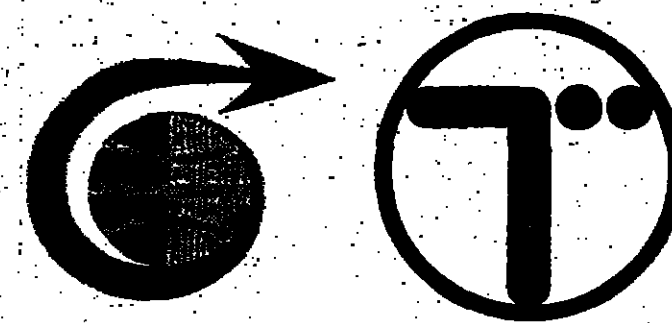
By Bill Johnstone

The State-owned telecommunications company Cable & Wireless, in partnership with British Petroleum and Barclays Merchant Bank, has applied to the Government for a licence to operate what could be the biggest digital network using optical fibres in Europe.

The licence to operate such a network can be granted by Sir Keith Joseph, Industry Secretary, after the Telecommunications Bill receives Royal Assent at the end of this parliamentary session.

The network's optical-fibre cables are made of glass strands as thin as human hair and carry high speed representing pieces of information. Millions can be transmitted in seconds.

Between 1000 and 1300 kilometres of this cabling will be laid along British Rail tracks over the next two years, linking the main business centres of the UK. The consortium, which is 40 per cent owned by Cable & Wireless, 40 per cent by British Petroleum and 20 per cent by Barclays Merchant Bank,



has allocated £50m capital to fund the initial phase of the project.

The cables will link rail terminals in all the major cities. The data and the voices carried on the cable will be transmitted by microwave radio to a high rise building in each city and from there to the business location.

The system designed is the result of a survey conducted by Cable & Wireless among a selection of the top 1,000 companies in the United Kingdom.

second study now under way will include a more detailed examination of Scotland.

The granting of the licence by the Government will depend on its implementing the conclusions of a report on how the private sector could compete with British Telecom in providing telecommunications services, compiled by Professor Michael Beesley of the London Business School.

British Telecom has submitted its objections to the conclusions of the Beesley report, which were largely in favour of the private sector being able to provide such services.

British Telecom has warned that if the private sector is allowed to cream off the profits needed by the corporation to fund less commercial services then telephone tariffs would inevitably rise.

Cable & Wireless believes that there is sufficient commercial potential to support both systems. Initially the C & W consortium will be using its own network.

The digital nature of the network and the speed by which it carries data will allow easy communication between computers. On a single strand of fibre devoted to voice about 2,000 telephone circuits can be accommodated.

The passage of the Telecommunications Bill will allow the Government to sell Cable & Wireless.



Sitting safely: Mr Tennant in the carriage packing department.

US stands firm against inflation

From Frank Vogel
Washington, June 25

The Reagan administration will neither delay planned tax cuts, nor relax tight monetary policy because of European complaints about high American interest rates, a top government official said today.

The President will urge industrial leaders at next month's economic summit to support the firm anti-inflation policies that should be maintained by all governments, despite some countries being severely affected by recession. The White House is confident that most governments will accept this.

Mr. Beryl Spindler, who is undersecretary at the treasury for monetary affairs and as such one of the prime architects of United States international economic policy, said the Reagan administration had no intention of relaxing its policy. Numerous governments, including Britain's, were now "at the point where the temptation to let the dollar slide is enormous."

He said it looked now as if the dollar would stay "strong" through the recession and it was essential that anti-inflation policies continued. He hoped the British Government could find ways to cut public spending and implement supply-side, or "free market" policies.

Outlining the administration's policies on global monetary reform, development aid, and interest rates, Dr Spindler predicted that inflation in most industrial countries would continue to fall. As for the United States, he believed a 5 per cent inflation rate by 1984 is realistic, and substantial improvement on inflation was likely.

Dr Spindler said the White House would not initiate major reforms of the monetary system until the International Monetary Fund, in his opinion, forced promotion of the Special Drawing Right as the central unit of the monetary system was no longer an effort to "curb the dollar down to size" which the Reagan administration opposes.

"The single most important thing we can do for the monetary system is to restore the stability of the dollar," he said. The dollar should become again the most favoured reserve currency, this force would monetary discipline upon the American authorities.

Cartridge makers to share safety process

Eley, the IMI company which is Britain's largest manufacturer of sporting and military ammunition, has made a remarkable breakthrough in improving the safety and automation of the notoriously dangerous production of priming caps.

It gives the Birmingham company a considerable edge in the price war it has been waging for the past two years to recover home and export markets lost to cheap foreign ammunition.

But the safety implications are so wide-ranging that Eley has decided to forego the full commercial advantages to share the new process with rivals.

Remington and First Federal, the United States companies who, along with Winchester, are the world's big three, are already negotiating licensing deals. European companies are also pressing for details.

The insertion of a small amount of extremely volatile explosive mixture into the firing cap has always been the weak link in ammunition manufacture. It regularly claims victims among workers, and attempts to improve safety have resulted in laborious hand-production techniques.

BSR raises stake in Far East

BSR, the audio and electronics group which last year lost £17.5m, is to pay £13m for the minority it does not control in Astec, a Hongkong electronic components company. The move is part of BSR's strategy to diversify away from consumer electronics and shift its profit centre to the Far East.

The purchase will be made by issuing 25m shares in BSR, at 50p each, and it values the stake in Astec at HK\$50m (£4.5m) a share. A total of 25m Astec shares is being bought. Under the agreement, the vendors of Astec will hold 9.56m shares for at least a year, while the rest will be bought at 50p each from the Morgan Grenfell, the merchant bankers, and placed in the market.

Mr John Ferguson, BSR's chairman, said that BSR was buying earnings in a new and rapidly expanding industry. Astec manufactures and distributes electronic components, sub-systems and micro-processor software. Its sales are predominantly to the American computer industry.

Astec employs 3,000 people, mostly in factories in Hongkong, the Philippines, and Malaysia. Its business is complementary to Capetronic, another Far East electronics company, which Astec bought earlier this year for £2.7m. These will form the basis of a new Far East electronics division.

BSR bought 20 per cent of Astec in 1975, and raised its stake to 54 per cent last year. Astec's pretax profits have grown rapidly from HK\$1.8m in 1977 to HK\$17m in 1980. The company forecasts at least HK\$48m (£4.4m) this year.

BSR will set up a new management board for its Far East electronics division.

Quick win for House of Fraser

By Ronald Faux

Lounho, the international trading group headed by Mr "Tiny" Rowland, backed away from a confrontation with the new management of the House of Fraser in Glasgow yesterday.

The annual meeting of the department store company that owns Harrods ended without trouble in exactly 29 minutes. Small as Mr E. H. Smith, who became chairman when Sir Hugh Fraser was ousted last January, was re-elected although a Lounho director among the shareholders stood up and said they would abstain in the voting for him.

This brought the professor's proxy votes down to 68 million but there was a massive majority for him among shareholders at the meeting. Professor Smith and Mr E. H. Sharp, deputy chairman, were among six directors who appeared for reelection.

In his speech, Professor Smith declined to say anything about the events of the past 12 months. He pointed out that sales in the company were rising, efficiency had increased and House of Fraser stores commanded 30 per cent of all total departmental store sales in the United Kingdom. The market share was well ahead of any other UK store.

The meeting was a clear success for Professor Smith and his colleagues, who had mounted a strong campaign to ensure enough support making it impossible for Mr Rowland and Sir Hugh Fraser to remove the new management.

It was also clear that Mr Rowland and Lounho were unwilling to rock the boat with the investigation by the Monopolies Commission into their £158m bid for the House of Fraser in its last stages. The report from the commission is expected in August. Mr Rowland was also re-elected to the board. Others returned were Lord Duncan Sandys, Mr N. H. Powell and Mr A. P. Humphries.

Surprise Saudi move to cut oil production

Saudi Arabia will cut its oil production by 450,000 barrels a day from July 1, according to oil industry sources.

The move represents a sudden reversal of Saudi policy. The Saudi Oil Minister, who last week told the long-term strategy session of the Organization of Petroleum Exporting Countries meeting in Geneva that Saudi Arabia would not cut its present production of 10.3 million barrels a day.

Saudi production was running at 8.5 million barrels a day before the outbreak of the Iran-Iraq war last September. The war cut supplies from the Gulf, but by increasing production the Saudis forced the Opec cartel to keep its prices down.

Saudi crude on the spot market, where oil is sold to the highest bidder, has fallen by about 50 cents below the official selling price of \$32 per barrel. Experts said, however, a Saudi production cut of a million barrels a day would not wipe out the world oil surplus, now running at 2 to 3 million barrels above demand.

Observers believe the Saudi cutback will encourage Opec hardliners in the Opec to continue to resist pressure to lower their prices. Countries such as Libya, Nigeria and Algeria, which are selling oil at the world's highest prices of between \$40 and \$50 a barrel, have held fast so far against trimming their prices.

The price cutting momentum was evident on Wednesday when Norway, in a long-anticipated move, reduced its North Sea oil price to an average of \$36 a barrel.

In Kuwait, the country's oil minister, Sheikh Ali Khalifa Al-Sabah, said yesterday, as saying there would be no reduction in Kuwait's crude oil price of \$35 a barrel.

POUND HIT BY SWISS SELLING

By Frances Williams

The pound took another knocking on the world's foreign exchange markets yesterday, as the dollar made fresh headway against most leading currencies. Sterling slumped 24 cents against the dollar to close in London at \$1.9550, bringing the total loss in the last two days to 4.40 cents. It also weakened against Continental currencies such as the Deutsche mark, down 14 pfennigs to DM 4.673, from DM 4.693 on Wednesday, and its trade-weighted exchange rate index dropped 0.9 to 94.7.

Dealers attributed the pound's fall to strong selling orders from Switzerland and, later in the day, from Chicago. This far outweighed the brief rally it received from news of Saudi Arabia's modest cut in oil production.

The price of gold fell \$16 to \$445.50 an ounce on widespread selling after the price fell through the \$460 "psychological barrier" overnight in New York. The strong dollar and high United States interest rates have made gold expensive.

Bemrose the printers to merge with BPC

Mr Rupert Murdoch, Chairman of News International Limited and News International Limited, and Mr Robert Maxwell, Chief Executive of British Printing Corporation, announced that they have resolved on a mutually satisfactory basis the long-standing dispute relating to the printing of the Sunday Times Colour Magazine at Sun Printers, Watford, a subsidiary of BPC.

The result is that the Sunday Times Colour Magazine will be printed at Sun until 1987.

Mr Murdoch and Mr Maxwell have also agreed to the merger of Eric Bemrose Limited, a subsidiary of News International Limited, into the British Gravure Corporation, a new BPC subsidiary incorporating Sun Limited of Watford and Purnells of Paulton.

This will enable the British Gravure Corporation to recapitalise a substantial share of the international market which has been lost by Britain's gravure printers during the past 20 years.

Mr Bruce Matthews, Chairman of Bemrose and Deputy Managing Director of News International Limited, will join the board of British Gravure Corporation as non-executive director.

Mr Roy Hodgson will become Chairman of Eric Bemrose Limited.

Continued employment at Bemrose, Liverpool, is assured and is backed by an agreement to prior on commercial terms SUN DAY, the new colour supplement of the News of the World, scheduled to appear in September of this year.

The Department of Trade yesterday produced a list of over 100 names and sensitive words which new companies will be unable to register unless they gain specific clearance. The list covers royalty and various professions and organisations.

It will be included in an annex to the Companies (No 2) Bill which is being considered in committee in the Commons. The legislation virtually abolishes the preregistration vetting of company names and provides for the closure of the Registry of Business Names.

Law decides what's in a name

By Richard Evans, Parliamentary Staff

A similar list to the one published yesterday has been used in the past as a guide in preregistration vetting.

The names and words are divided into two sections. A company will be "unable" to be registered by a name containing words such as royal, military, bank, chemist, dentist, midwifery or charity unless it obtains a letter of "non-objection" from the relevant government department or professional body.

In the second group, the consent of the Secretary of State for Trade would be a chamber of commerce.

PRICE CHANGES

Rises		Falls	
ANZ Group	15p to 321p	Ass Comm 'A'	11p to 47p
Arenson Higgs	3p to 43p	Chitwick Corp	12p to 25p
Electronics	30p to 803p	Cons Gold	12p to 441p
Farnell Elec	10p to 509p	GI Unit Stores	12p to 438p
Racal	16p to 399p	Massey-Ferg	15p to 155p
Shell	8p to 356p	Mothercare	14p to 216p
Standard Tel	10p to 504p	Polly Tech	10p to 353p
Telephone Rent	8p to 363p	Renold	11p to 54p
Textured Jersey	9p to 123p	RTZ	10p to 523p
Unitech	15p to 249p	Trusthouse Forte	11p to 146p

Lookers Limited

Motor distributors and engineers
Agricultural machinery dealers
Vehicle delivery
Contract hire and leasing

Interim results for the half-year ended 31st March 1981 (unaudited)

	1981	1980
£000's		
TURNOVER	35,253	36,992
PROFIT BEFORE TAXATION	402	405

INTERIM DIVIDEND MAINTAINED AT SAME LEVEL

776 Chester Road, Stretford, Manchester M32 0QH

Lookers Limited

776 Chester Road, Stretford, Manchester M32 0QH

HARTWELLS GROUP LIMITED

Cars, Commercial Vehicle and Bulk Fuel Oil Distribution and Heating Services.

Year ended 28th February

	1981	1980
£000's		
Turnover	152,232	142,534
Profit before interest & Taxation	2,768	3,955
Less interest & Stock Finance Charges	1,264	1,094
	1,504	2,861

Dividends

	1981	1980
£000's		
Retained Profit	656	611
	992	2,111

Earnings per Ordinary Share

	1981	1980
£000's		
Dividends per Ordinary Share	13.7p	23.5p
Net Asset Value per Ordinary Share	5.3p	5.3p
Net Asset Value per Ordinary Share	187.8p	179.4p

*Dividend maintained despite a difficult trading year.

*The Chairman in his statement to shareholders stated:—

"March and April 1981 showed better profits than March and April 1980.

"It is hoped that the worst is passed and that better results will be achieved in the year to 28th February 1982.

Annual General Meeting—Oxford 3rd July 1981. Copies of the Report and Accounts may be obtained from The Secretary Hartwells Group Limited, Seacourt Tower, West Way, Oxford OX2 0JP.

\$1,550m coal fuel project scrapped

An international \$1,550m (£767m) synthetic fuel project, which was a cornerstone of the Carter administration's energy package, has been dropped.

The plant, which was to have been built in West Virginia, in the United States, was supported by West Germany and Japan whose governments were each to provide 25 per cent of the costs. The plant was to have converted 6,000 tons a day of high sulphur coal into 20,000 barrels of oil and gas.

No funds have been allocated for the plant in the 1982 budget, which is now before Congress, and the Germans and Japanese were faced with funding the project themselves.



put was affected by industrial action at two centres.

Caribbean aid plea

The Prime Ministers of Dominica, St Lucia and St Kitts-Nevis, all facing serious problems of underdevelopment, have called on the United States to increase its bilateral assistance programme for the Caribbean. Prime Minister Winston Cernak of St Lucia called the Caribbean the "soft underbelly of America. It is my firm belief that the United States has not given its assistance to the extent that it can".

Chinese credits

A report that the Japanese government will offer credits totalling ¥200,000m (£440m) to China to help it continue building a steel mill near Shanghai and a petrochemical complex has been called premature, but a further ¥100,000m of private funds will be supplied to China for the same purpose.

Indonesian contracts

Indonesian companies have won three new construction contracts in Saudi Arabia valued at \$150m. The contracts are for an airport, a military airbase and a housing complex.

Oil imports fall

West German crude oil imports fell to 6.53m tonnes in May from 6.78m in April, the Federal Office for Trade and Industry said. This brought the total for the first five months of the year to 34.20m tonnes, down 18.9 per cent from 42.14m tonnes in the same period.

Steel output hit

Australia's only raw steel manufacturer, the Broken-Hill Pty Co said May steel output was 67,000 tonnes against 67,000 in April. BHP said output

New moves to clean up Italian banking

From John Earle
Rome, June 25

Italian banks are to be forbidden to have holdings in finance or holding companies abroad, under a circular which is being distributed to them by the Bank of Italy.

The circular is reported to lay down that, in future, banks will only be allowed to have branches or representative offices in foreign countries, including offshore centres.

The circular, which has not been published, is also understood to set out clearly the limits on bank ownership of shares in domestic companies. It is seen as a move by Signor Carlo Azeglio Ciampi, the governor of the bank, and the Government to clean up the more obscure side of Italian banking activities. In the last decade, Italian banking has been affected by a series of scandals, of which the collapse of the Indosina empire in the mid-1970s was the most prominent.

Under a regulation of 1947, the Bank of Italy has responsibility for supervision over the functioning of banks, with a special section for this purpose. But in investigating cases, its inspectors have often found the way barred by anonymous companies in Switzerland, Lichtenstein, Luxembourg or elsewhere, from whom they are unable to obtain information. Foreign branches or representative offices of an Italian bank are able, however, to offer no such barrier.

Finance companies abroad have also been used to evade foreign exchange regulations, on which Italian law has been tightened in recent years. In the trial under way of Signor Roberto Calvi of Banco Ambrosiano on charges of exporting foreign currency, evidence has been given to the court of dealings with anonymous companies in Lichtenstein and Panama.

Closure warning by Mersey docks chairman

From Our Correspondent, Liverpool

Sir John Page, chairman of the Mersey Docks and Harbour Company, sent a blunt message to the annual general meeting in Liverpool yesterday, warning that, if the company continued running at a loss and got no further financial help from the Government, it would have to cease trading.

Fewer than 100 stockholders were present at the 30-minute meeting. Only six voted in favour but none against the report and accounts for 1980. These showed an overall loss on the year of £6.25m, much of it due to redundancy and fall-back payments.

Sir John said the company was continuing to receive limited assistance from the Government in the form of repayable grants, but there had been no continuing commitment.

The possibility of sympathetic consideration to their request for assistance was being considered.

considerably lessened by the series of four one-day strikes over current dockwork pay negotiations for 3,500 Mersey-side dockers. The employers are insisting that any increase must be accompanied by changes in work practices, and the shop stewards are demanding an unconditional rise.

Talks between the port employers and the transport workers' union resumed on Monday. Sir John commented: "It is difficult to understand the attitude of the dockers' representatives, which is not only short-sighted but leads to harmful results for everybody. I only hope good sense will soon prevail."

He revealed that the company had to submit a corporate plan to the Government early in August covering all possibilities over the next three to four years.

Scots electricity boards return combined profits of £28m

By Peter Hill

Scotland's two electricity authorities yesterday announced combined profits of almost £28m for last year. But the Board of Scottish Electricity said that its general reserve was inadequate to cope with the scale of its operations, and it attacked the Government's control of its financing.

The SSEB had an operating surplus last year of £87.9m which was reduced to £16.5m after interest payments totalling £71.4m. It warned that at the end of its financial year in March, its general reserve amounted to only £69.4m, equivalent to less than six weeks' turnover, which was considered inadequate for the scale of its operations.

Because of a better-than-anticipated performance and measures to contain costs and defer capital expenditure, the SSEB managed to remain well inside its external financing limit of £73m last year.

In the current financial year the Government has set the board a limit of £77m, but the SSEB said: "In the board's

view the external financing limits set by the Government in the autumn of each year are fixed too early, and in consequence have to be based on a broad updating of forecasts prepared more than a year before the year covered by the limit."

Its northern counterpart, the North of Scotland Hydro-Electric Board, reported a net profit for last year of £11.2m, equivalent to 4.6 per cent of trading income.

The improved performance was achieved despite a reduction in sales which fell by 2.3 per cent. The board earlier this year instituted legal proceedings against the British Aluminium Company which is disputing certain capital and revenue charges under the terms of a contract to supply electricity to the company's smelter at Invergordon. The total sum involved now amounts to £48m, including £32m of payments withheld by British Aluminium, together with £8.4m of smelter deficits not yet reimbursed by the Government and a further £8m

of financing costs, also not yet reimbursed.

In its report, the SSEB noted that almost 30 per cent of electricity produced in Scotland was now generated by nuclear stations. The commissioning of the Torness nuclear power station would lead to very substantial savings in overall costs.

The SSEB estimates that total generating costs for new power stations in the later years of this decade would be about 2.5p per unit for nuclear, gas, oil and 4.0p per unit for coal-fired plants. This compares with current costs of 2.18 p per unit for coal and oil-fired stations, and 1.88 p per unit for nuclear stations.

The board's 1.5 million domestic customers in the area from the Solway to the Tay pay their electricity up to 15 per cent cheaper than elsewhere in the United Kingdom because 30 per cent of the supply is nuclear.

The board's deputy chairman, Mr Donald Miller, said that Scotland generated more nuclear electricity than almost any other country in the world.

Business appointments

Merchant banker returns

Mr Graham Walsh is returning to Morgan Grenfell as head of the corporate finance department and a member of the merchant bank's management committee after completing his term of office as director general of the Takeover Panel.

Sir Arthur Knight is to join the board of Dunlop Holdings. Mr T. A. Harrison is to become president of British Importers Confederation.

Major Michael G Wyatt has been made a director of the British & Commonwealth Shipping Company. Mr Raymond Potter has been reappointed chairman of the Halifax Building Society and

Mr G. N. Hunter and Sir James H. I. Whitaker as vice-chairmen. Mr R. P. Hornby, who has been a director since 1976, will become an additional vice-chairman. Mr J. O. Spalding has been made deputy chief general manager.

Mr John Herrin has become chairman of the Electronic Components Industry Federation. Mr E. B. Shanahan, company secretary of A. R. Mowbray & Co, has been made a director. Mr A. H. Brown is to be president of the Concrete Society for 1981-82.

Mr John McNab has been re-elected chairman of the London Port Employers' Association. Mr Derek Allison has been re-elected vice-chairman.

Mr Brian Longbottom has been appointed to the main board of the Heston Group. Mr Peter Ray has been made group personnel director of Cadbury Schweppes.

Mr Sue Pullan will be joining the board of the New Opportunity Press as publishing director.

Mr David Mowl has been made production director of Drewery and Edwards, a subsidiary of Reliance Knitwear Group.

Mr Richard J. Trew has been appointed to the board of Dundonian.

India aims to narrow trade gap

India will reimpose import restrictions if it fails to narrow its trade gap with Britain within three years, a representative of the Association of Indian Engineering Industries said in London yesterday.

Mr Rahul Bajaj, a past president of the association, said: "I believe the trade gap will be bigger this year and possibly in 1982. But by 1983/84, the gap will narrow as we increase our exports. If this does not take place, it will be difficult for Indian industry to continue with its liberal import policy."

India's trade deficit with Britain totalled £530m, a rapid rise since 1977 when the figure was £278m. Imports of Indian goods totalled £316m.

Mr Bajaj was speaking on the radio to British buyers of the AIEI in successive years.

Tape levy proposals rejected

Proposals for a levy on blank audio tapes, possibly doubling their price, were dismissed as impractical, unworkable and unfair yesterday by the United Kingdom's six main suppliers of blank tapes which have just formed the Tape Manufacturers' Group to concert their campaign.

A Government Green Paper on copyright law, in which the levy proposal is expected to be aired as one way of recompensing record companies and performers for claimed losses through the growing practice of home taping, is due out shortly.

The record companies through their trade body, the British Phonographic Industry, are backing the levy proposal because of claimed losses of £1m a day.

Redland down 18pc after fall overseas

By Margaret Pagan

Sharply lower overseas demand for Redland's building materials has hit the group into reverse in the year to March, and the board sees no prospect of recovery this year.

Pretax profits fell by 18 per cent to £46.8m on sales just 4 per cent ahead at £515m. But the final gross dividend was lifted to 6.67p, making a total for the year of 10.48p, a 10 per cent increase. The group's shares, however, were unchanged at 174p.

The 30 per cent decline in overseas profits—particularly from its high-strength tile company, Braas, and from construction activities in the United States—came as a severe setback since traditionally they contribute 70 per cent of profits. But, despite a 15 to 20 per cent fall in United Kingdom

business volumes, the overall group profit held at 63.1 per cent, helped by better prices and product mixes.

This is considered reasonable at a time when house building is at its lowest level since the war. Redland's three main interests—aggregates, clay facing bricks and concrete roofing tiles—withstood the recession, but its concrete and glass-reinforced pipe activities are losing money heavily. Only four factories remain, some 700 staff have lost their jobs over two years and the group is closing another plant.

The downturn overseas was a result of high interest rates in both the United States and Germany, which inhibited building programmes, and no recovery is expected this year. Profits from Australia expanded however.

Renold slumps to £2.9m

Renold, the Manchester-based maker of power transmission machinery, high speed equipment, still bears heavy scars of its rationalization programme and the recession, with pretax profits down to £2.9m in the year to March 1981 compared with £6.2m last time. Sales rose marginally by £3.7m to £127m.

The final dividend is passed, leaving the year's payment at 2.86p gross against 11.43p. The shares slid 14p to 51p, just 4p from the year's low.

Trading profits, 19 per cent lower at £8.4m, show an improvement in overseas results but this is more than offset by lower profits in the United Kingdom. But the real blow came from higher interest charges at £5.4m against £4.1m, reflecting increased borrowings. Depreciation charges took £3.74m. The value of stocks over the period is just over £1m lower at £69.9m.

Mr Leslie Tolley, chairman, said that the group had suffered during the year, particularly in the second-half, from the deepest recession since the war. But results are considered reasonable, and rationalization should increase the group's strength in the long-term. Omitting the dividend, he said, was aimed at conserving cash.

Setback at Baker Perkins

By Catherine Gunn

A depressed United Kingdom market, high sterling and a strike in the United States combined to leave Baker Perkins with a substantial fall in pretax profits for the year to March 31, from £6.5m to £2.1m. Sir Franklin Braithwaite, chairman, expects a progressive recovery in profits in 1981-82 and 1982-83.

The final dividend has been cut by 31 per cent bringing the total down from 9.2p gross to 7.28p. The shares fell 2p to 28p yesterday.

The group, which makes machinery for the food, chemical and printing industries, and exports 55 per cent of its British production, lost £1.76m in the first part of the year. During the second half, it was able to restrict losses, and reduced net debt to £12.6m by the year-end. At the end of 1979-80, net debt was £13.5m.

Redundancy and severance costs last year totalled £1.8m, and came out of the trading profit of £5.16m, down from £8.75m. Interest costs for the year leapt from £946,000 to £2.29m.

Baker Perkins's British companies' profits fell from £4.58m to just £433,000, while overseas companies made £4.72m, against £4.17m.

Henlys plunges into loss

Car dealer Henlys, which distributes the BL, Ford, Renault and Talbot ranges, plunged from a pretax profit of £438,000 last time to a pretax loss of £666,000 in the six months to March 31. The outlook for the second half is better, but Mr G. R. Chandler, the chairman, is not prepared to forecast a profit for the full year at this stage.

The interim dividend has been held at 4.25p gross and is not covered. The shares gave up 3p to 83p yesterday.

Group sales were £96.8m against £95.1m, the number of vehicles sold was little changed from last year, but margins were considerably lower as overstocked car dealers slashed prices to shift the backlog of

vehicles. The worst of the docketing is now over, and Mr Chandler says that margins are looking firmer.

Lower stock levels will mean lower borrowings and interest costs in the second half. Henlys has also applied the £1.7m gross proceeds of property sales to cutting debt. Overall, debt has fallen by £2.5m since the year end. Interest costs in the first half were £1.46m, against £1.44m.

An extraordinary item of £819,000 is credited from the property sales after writing off the cost of Henlys's new mini computer system. The system comes on stream on July 1 and should bring considerable savings.

This advertisement is published by County Bank Limited on behalf of S&W Berisford Limited.

To the uncommitted shareholders of British Sugar Corporation

ARE YOU STILL UNDECIDED?

The final offer from S&W Berisford for your shares closes at 3pm on Wednesday, 1st July.

No acceptances received thereafter will be valid unless the offer has become unconditional by that time.

You should post your acceptance form not later than midday on Monday next, 29th June.

Shareholders can choose either:
Berisford shares worth 346p*

OR
Cash of 335p

OR
Loan Stock of 335p

As a British Sugar shareholder, you should consider what the effect on your investment would be, should this offer lapse.

The Government, holding 24.17% of the equity, has already declared its intention to sell. Berisford currently owns, or has acceptances for, over 39% of British Sugar and would be unlikely to want to retain a minority holding.

Over 60% of British Sugar's shares could be put on the market.

The uncertainty must be ended. It helps no-one. Accept our final offer without delay and give British Sugar and yourselves

a chance for a brighter future.

ACCEPT OUR FINAL OFFER WITHOUT DELAY

S&W Berisford

*Based on the middle market quotation for Berisford shares on 24th June, 1981 calculated from The Stock Exchange Daily Official List. Acceptance forms should be forwarded to National Westminster Bank Limited, New Issues Department, PO Box 73, Drapers Gardens, 12 Throgmorton Avenue, London EC2P 2BD. If you have lost or mislaid your Form of Acceptance and Transfer telephone 01-638 8000. The Directors of S&W Berisford Limited have taken all reasonable care to ensure that the facts stated and the opinions expressed herein are fair and accurate, and each Director accepts responsibility accordingly.

BY THE FINANCIAL EDITOR

ACC mortgages the future

Associated Communications Corporation has taken suitably drastic action to offset losses of £26.4m in feature films. It has sold for £23m its forward television contracts to American banks, thus calling in its future cash flow to repay the massive damage which would otherwise have been inflicted on a balance sheet, already ill-prepared for further ravages. With the sale of Ansafone, this has cut net borrowings from £74.9m to £40.7m and a revaluation surplus of £23m should mean that the balance sheet will look relatively healthy considering the trauma from which ACC now has to recover.

But the convalescence could be slow and painful. While it is clear that the feature film business is probably over with these figures and records and tapes, which lost £4.7m, have been effectively rationalized, the remainder hardly presents an exciting earnings prospect. Television, up from £3.9m to £4.8m last year, is running into the same profitability problems as the other contractors compounded by the need to cut the stake in ATV to 51 per cent as well as the contribution to the start-up of Channel 4. Meanwhile, the mixed bag of other interests appears to be performing steadily enough, though these are far from large enough to take up the slack from the downturn in the more spectacular ventures.

So the recovery could be, at best, to around £8.5m pretax, which suggests that the 11p fall in the share price yesterday to 47p may not be enough, given a fully-taxed prospective p/e ratio of almost 6 and the historic yield of 4.5 per cent after the passed final. On pure trading grounds the current price implies that ACC has a firm base for recovery, otherwise there remains the speculative question mark over what Mr Robert Holmes a Court now plans to do with his near-10 per cent stake.

Plessey

Glamour starts at last

Plessey's rehabilitation looks complete and yesterday's results only disappointed the most optimistic. Although fourth-quarter profits were slightly down, this was mainly due to a bunching of deliveries in the wake of the engineering strike in the fourth quarter of 1979-80 and the year's output—showing a 41 per cent increase to £84.5m pretax—is much as expected.

The electronic systems division, which includes a lot of defence work, was the fastest growing area with operating profit more than doubled to £2.5m and the only other surprise was the extent of the downturn in the cyclical components business with this division making a final-quarter loss of £1.6m. Otherwise telecommunications, both public and private, continued to power ahead and aerospace and engineering managed a profit rise of a quarter to £15m, despite losses early in the year from hydraulics. Plessey's growing financial strength is also reflected in the profit rise with net interest payable down from £9.7m to £4.6m and the year-end balance sheet shows net cash of £8m and shareholders' funds of £298m.

With an order book up by over a fifth to £1,237m and worries about defence cuts now dispelled, Plessey looks set for profits approaching £100m this year, which suggests a prospective p/e ratio of about 17½ with the shares down 10p to 322p yesterday. Yielding 3.4 per cent after the one-tenth dividend rise, and now with current cost cover, Plessey should still outperform the market.

Trusthouse Forte

Higher interest burden

The market may not have been all that impressed with THF's first-half figures—the shares fell 11p to 146p on news of the 27 per cent pretax setback to £14m and signs that the full-year drop is going to be rather more severe than the previous year—but the underlying trading performance outside the United States looks to have stood up remarkably well compared with the results from other hotels groups.

The £12m fall to £25.3m in pre-interest profits is explained by the one-week shorter trading period and after a dreadful time over Christmas only a concerted attack on costs and aggressive marketing has helped insulate margins against declining occupancy rates both in London and increasingly this year, the provinces as well. In contrast the United States has been extremely tough with the recent Travelodge results down by a fifth, the loss of the Pierre contract, and the catering side is still turning in losses, although the weaker pound has helped profits in sterling terms.

The damage then has been done by the £4.1m jump to £11.3m in interest charges with THF embarking on an ambitious capital spending programme during the recession in the industry. With a good deal of its borrowings in dollars, high United States and Eurodollar rates will keep interest charges up even before the cost of the Savoy adventure is taken into account and the full-year bill could be half as much again as last year's £16m.

The United States hotels business is now looking up and recent surgery should help the foods side as well, so trading profits for the full year should hold up reasonably well, although market hopes of a Royal Wedding boost at home look misplaced. But the interest charge could knock profits back to not much more than £6m against £66m, where the fully-taxed price-earnings ratio is 14. But THF is currently showing that hotels are not immune to recession and that Savoy arithmetic could put the expected recovery back until well into 1983, which is not the background for any rerating of the shares yet while whatever the group is doing to get itself ship-shape for the next upturn.

High-technology stocks are still high fashion. Charterhouse Japhet should have no trouble in getting Memec (Memory and Electronic Components) away to a good premium. Wisely, Memec is not bothering with a stay among the small electronic fry in the unlisted securities market. It is going for a full offer for sale of 35 per cent of the equity. The decision is not cheap. Of the 3.75m shares for sale at 140p a share, (where the yield would be 3.1 per cent and price earnings multiple on forecast earnings over 20), the balance of 700,000 shares will give Memec new permanent capital of a princely £650,000, after expenses of £330,000.

Memec claims to specialise in up-market components that confer high margins and avoid recession. Growth suddenly ballooned in the 18th months to December, 1979, when profits were £1.3m; in 1980 they were £1.43m; this year they should be at least £1.55m.

The leader in the electronics component business (the other quoted companies are Farwell, Diploma and Unitech is Electrocomponents). Pretax profits are up from £13.05m to £14.56m for the year to March. There is also to be a scrip issue of four-for-one, which helped the shares gain 50p to 803p.

Recession continues, but Electrocomponents seems to know how to fight it, and inflation-adjusted pretax profits of £12.5m indicate the sector's freedom from onerous depreciation and its powers to generate cash.

BSR

Going East

After the severe hammering it has taken in recent years, BSR is looking for a ray of relief. The decision to buy out the 46 per cent minority in Astec for an issue of 26m shares worth £13m is an important step towards forming an almost wholly controlled Far East division which, it is hoped, will soon become BSR's major profit centre. While the traditional record changer business will continue, it should be eclipsed by Astec's and Capetronic's sophisticated electronics.

The market had anticipated that BSR's difficulties could lead to a rights issue, but it came sooner than many expected. The clue seems to be Astec's remarkable profit growth: from HK\$1.8m in 1977 to HK\$17m last year and a forecast HK\$48m (£4.4m) for 1981. BSR's stake had been built up at lower prices than the HK\$50 a share being paid for the minority and there was clearly a risk that with so steep a profits increase in prospect the share price would soar out of reach.

Given that BSR is buying earnings growth—which it certainly needs—the 7.9 times multiple paid for Astec is not expensive. The share issue avoids adding to borrowings, which have been tightly controlled at the last year-end figure of around £30m. Nevertheless, the £13m share issue is a hefty addition to BSR's total capitalization of some £48m.

Much will depend on the quality of the enlarged group's new electronic products—only a small proportion of which will go into record changers. Capetronic and Astec are closely linked to the American computer industry, and they have the great advantage of the Far East's low costs. But they are also in a field as competitive as the record changers on which BSR's earlier fortunes were based. Whatever happens to sterling this year, BSR's shareholders still face a bumpy ride.

Frances Williams examines the balance of power between producers and consumers

Battle that oil users cannot win

Saudi Arabia's decision to cut its oil production by 450,000 barrels a day from July 1, has sent the oil analysts scurrying for their slide rules.

Does it mean that the end is in sight for the present oil glut on world markets, generally put at 2 to 3 million barrels a day over requirements?

First reactions yesterday were that it does not. Saudi Arabia, it is thought, is making a production adjustment for internal reasons but still intends to keep enough surplus oil flowing on to world markets to force a more unified price structure on the other nations of the Organisation of Petroleum Exporting Countries (Opec).

For most of the 1970s the balance of power in the oil struggle was firmly with the producers and even Saudi Arabia's restraining hand could do little to alter it. But now the producers and consumers are beginning to look a little more evenly matched.

Sick of economic disruption from oil price shocks, fearful of political instability in producing areas and apprehensive about the economic and political consequences of intensified world demand for oil in the future, consuming countries have been showing a determined intention to cut oil use by all the means at their disposal.

The result—helped along by world recession, itself partly due to near-doubling of oil prices—has been a determined intention to cut oil use by all the means at their disposal.

In the industrialized countries, and Opec too, are beginning to realize that a structural shift in energy use is now taking place. Last year oil consumption in the main consuming countries, members of the International Energy Agency (IEA), fell by more than 7½ per cent to 35½ million barrels a day (mbd). Further falls of 2 to 3 per cent are expected this year.

Not were these cuts due wholly to world recession. In Japan, America's gross national product grew by a respectable 3 per cent last year, but oil use dropped nearly 4½ per cent. Japan, with a growth rate of 4 per cent, cut oil demand by 10 per cent. And in the United States, the largest oil consumer of all, demand fell by more than 8 per cent in the first three months of this year despite a growth rate of more than 8½ per cent a year.

So far the consuming countries' campaign of multiple prudence has indicated that the oil glut is strictly temporary. The surplus could be wiped out overnight by any escalation in the Iran/Iraq war. Mr David Howell, the British Energy Minister, pointed out at last week's IEA meeting in Paris:

The Western nations have simply been thankful that the oil glut has meant one less turn of the inflationary screw this year to add to problems caused by the dollar's strength. And the United States and Japan have seized the opportunity of weaker prices to buy in strategic reserves.

The American Strategic Petroleum Reserve, through contracts and through dealings on the Rotterdam Spot Market, has been adding to its stockpile at the rate of a quarter of a million barrels a day over the past few months, building up from 91 million barrels last October to the present 160 million barrels, equivalent to about 30 days' imports. (This is in addition to stocks of over 90 days worth—the IEA minimum—held by companies.)

Japan now has about 7 days' worth of imports in government stockpiles. (In addition to the 90-day stock held by companies), stored in 20 super-tankers floating in territorial waters, and a long string of tankers slow-steaming their way from the Middle East off-shore.

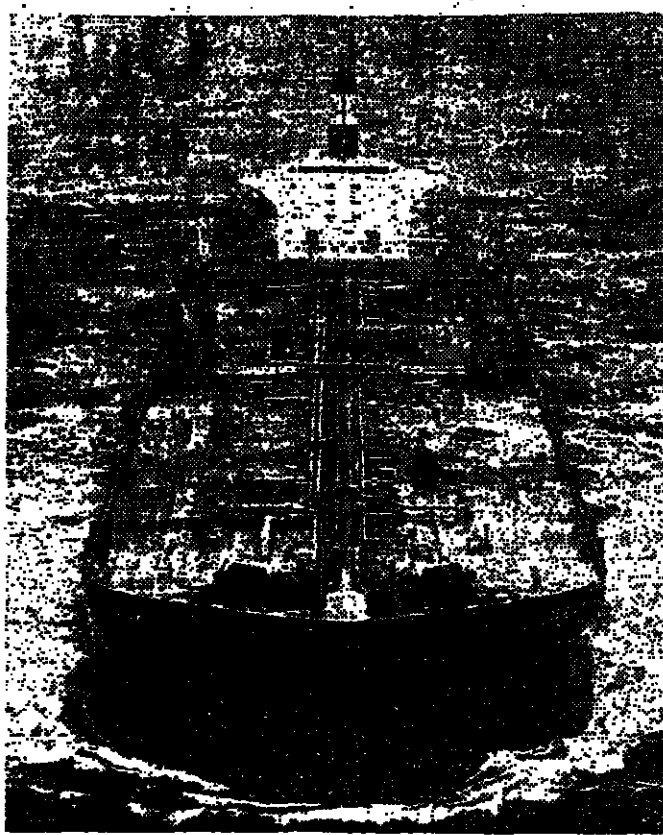
If the consuming countries are determined to treat the oil glut as a mere breathing space, the producing countries seem less sure. Señor Humberto Calderón-Berti, the Venezuelan oil minister and Opec moderate, calling for a two to three year Opec price freeze, warned last week that conservation and substitution measures by consuming countries "pointed to reduced demand for oil, glutted markets and falling prices for an extended period". Nothing which Saudi Arabia has done this week has changed that view.

The Saudis, whose heavy crude costs \$32 a barrel, remain determined to force producers of high-priced crudes to cut their prices.

Spot prices have fallen by several dollars below official posted prices of around \$40-\$41 a barrel, forcing producers to accept lower contract prices from companies threatening to go elsewhere.

Mexico has already cut its posted price by \$4 a barrel; Libya may be preparing to follow suit.

If the oil analysts are correct and the demand, production cuts do nothing to alter the basic imbalance between supply and



A giant oil tanker under way: many are now anchored and being used as oil stores.

demand then several producers have hard decisions to make. The Nigerian Government, for instance, stands to lose \$2,500m, equivalent to 10 per cent of its budgeted revenues this year, if present shortfalls continue. This would force it to dip into scarce reserves to pay for much needed imports (including food) or to go cap in hand to foreign bankers. Venezuela, Libya and Mexico are said to be in similar difficulties.

But these tactical advances for consuming nations have been somewhat lost on the average oil user. In the week that the British National Oil Corporation (BNOC) announced that the price of North Sea crude would be cut by \$4.25 a barrel to \$35, prices at the petrol pump in towns and cities throughout Britain jumped by up to 10p a gallon, pushing the price of four-star to around 156p a gallon.

Nor is this simply a perverse British phenomenon. In France petrol prices rose by 4 per cent on June 11, following an increase in March, and further increases are likely soon. West German prices have risen nearly 10 per cent since March, partly because of higher taxes imposed in April. Petrol prices in Japan increased by more than 7 per cent in May. Over the past six months pump prices in most industrialized countries have jumped by between 10 and 15 per cent.

Industrial users of heavy-oils have fared even worse. In Italy, for example, the price of heavy oil went up by 21 per cent in June, while Danish industry is now paying 55 per cent more for heavy oil than it was a year ago.

There are two main reasons why weaker crude oil prices are not feeding through to consumers.

The first is that plummeting demand has intensified competition, forcing down prices below cost and squeezing oil companies' profits. So they are desperately attempting to restore profitability by raising prices as far as they dare.

In Britain the immediate reason for this month's increase in petrol prices was the removal by the leading oil companies of special subsidies to urban garages, used to wage an internecine price war in which the companies struggled to maintain sales in a declining market. But BP and Shell are making losses on petrol and industrial fuel sales this year. So too are the big French and German oil concerns.

The second reason is the strength of the dollar, which has risen by an average of 16 per cent against the world's leading currencies since the end of last year and about 25 per cent against European currencies. Since oil prices are denominated in dollars the cost of crude in local currencies has soared, overwhelming the effects of weaker dollar prices.

Sterling has fallen by 20 per cent against the dollar in the past six months, twice BNOC's announced price cut of around 11 per cent. The depreciation of the Deutsche mark (24 per cent), French franc (27 per cent) and lire (30 per cent) has sent their oil import bills rocketing.

Only in the United States, where currency factors obviously do not apply, have consumers had any real benefit from the oil glut. Petrol prices have dropped a few cents in recent months, forced by intensified competition for sales. Heavy-oil prices have plunged by nearly a quarter. But these cuts go nowhere near reversing the rapid rises over the previous two years.

There is only one certainty the hard-pressed users can bank on: glut or no glut. Oil for them will continue getting more expensive. Because if the producers fail to push up prices by engineering another shortage, the consuming countries will do it for them as part of their continuing struggle to escape dependence on the oil cartel.

PERCENTAGE OF OIL IMPORTS IN 1980 FROM EACH OF THE MAJOR SUPPLIERS

	Saudi Arabia	Nigeria	Iraq	Libya	UAE	Indonesia	UK	Algeria	Kuwait	Iran	Mexico	USSR	Venezuela
Denmark	13.5	8.0	—	—	3.7	—	85.8	—	3.4	—	—	17.6	0.3
France	34.4	9.8	20.7	1.7	6.8	0.1	2.5	3.8	2.6	—	1.0	8.0	1.0
Germany	24.6	10.9	2.9	15.1	6.3	—	14.8	6.4	0.8	—	1.9	3.7	1.5
Italy	31.4	2.6	12.7	13.1	2.5	—	8.5	2.5	2.8	—	1.0	0.8	2.8
Netherlands	36.9	20.4	—	1.3	3.5	—	0.4	8.0	12.1	—	0.5	1.1	0.6
UK	40.4	1.2	8.5	—	6.9	—	—	1.2	20.3	2.7	0.7	0.6	2.8
Australia	55.4	—	10.1	—	3.7	14.2	—	—	8.1	0.6	—	—	—
Japan	31.8	0.6	7.3	0.5	13.1	14.5	—	0.6	3.2	6.1	0.6	—	0.9
USC	22.5	14.6	0.8	10.8	3.8	6.2	3.2	7.5	0.4	0.4	9.5	—	3.5
OPEC total	30.5	7.7	7.8	6.7	6.1	4.5	3.7	8.5	3.1	3.1	3.1	3.0	2.9

Technology

How glass wire can help dig more coal

Optical fibres are a technology whose development owes much to the genius of two researchers working in Britain in the 1960s.

Recent studies indicate that about a third of the optical fibre links that have been laid throughout the world are in Britain. America, about a quarter, closely followed by Canada, but Britain is still trailing with about 2 per cent.

Optical fibres consist of glass strands the width of a human hair, and capable of carrying light waves—representing information—at very high speeds. The light signals carried in these flexible cables are not distorted by electromagnetic interference and can be transmitted over large distances without the need for electronic "repeaters".

Two recent developments are helping to refocus attention on the technology in this country. One is the proposed Cable & Wireless telecommunications network announced yesterday, in which many miles of optical

fibre will be laid for data transmission throughout the country. But perhaps more unusual are the National Coal Board's experiments with the "technology underground".

The European Coal and Steel Community is to give £100,000 to help fund research into optical fibre transmission of data in coal mines, between the cutting machine and the coal face and the surface.

It is believed that the transmission system, if successful, could boost coal production through the early diagnosis of faults in the cutting machine.

The United Kingdom already produces half the EEC's total coal output, amounting to 128,208,000 tonnes last year.

The advantages of an optical fibre system in a coal mine include not only the ability to carry much more information than conventional wires, but also its greater safety. There is no risk of the sparks which can occur with conventional copper wire cables and which might ignite gas in the pit.

system also avoids the problem of electromagnetic interference, because light waves are not affected by it. Nor do they produce any themselves.

Optical fibres therefore eliminate much of the risk of signal distortion.

The NCB fibres use a binary "system" of communication where the light is either "on" or "off", like conventional data transmission, the light taking the place of an electric current.

But the National Coal Board's research team at Bretby in Derbyshire has some problems to sort out first. One is that the glass strand is very delicate and allows for only 0.2 per cent stretching before it fractures or falls, compared with 20-30 per cent in conventional copper wires.

The researchers hope to relieve tension on the fibre by using clamps and closely fitting protective coverings around the fibres, of plastic, silicone, nylon and PVC. In a coal pit it is likely that steel armoured ropes will be on strike. This request, the agency says, "was not on".

However, the next day, a NCB member visited the bureau and asked them to type a job application for him because the typing department was on strike.

He was obviously annoyed that an industrial dispute prevented his private letters being typed in his employers' time, resulting in him having to actually pay for his letters to be typed.

What you make of this depends, I suppose, on what you feel about unions. Some might say that having taken a client's money the agency should not talk about him to a third party. I will only say that the note from the agency contained in its eight lines one spelling and two grammatical mistakes.

Ross Davies

A speck of dust or dirt between the ends could block the light signal.

To overcome this, the researchers are testing a prototype "expanded beam connector". This widens the light beam to a diameter of 2 or 3 millimetres, so that a small piece of dirt would have less effect should it get in the way.

In the connector the glass fibre is placed at the focus of a bi-convex lens and this produces a beam of parallel rays. The beam passes through a glass window and is refocused through a second bi-convex lens on to the connecting fibre.

The window surfaces, which are the point where any dirt would collect, can also be wiped.

Repairing the fibres underground is also likely to be a problem, the researchers say. They envisage using adhesives, but are seeking a kind which does not need heat to cure it, as most epoxy resins do. One possibility is ultra-violet curable adhesive.

Another approach is to use clamps instead of glue. At present optical fibres are being tested for use between the cutting machine and the gate end box at the end of the coal face, containing microprocessors, but the ECSC funds are intended to help in the extension of data transmission from the coal face to the surface.

Anne Warden and Bill Johnston

Lee Cooper

Satisfactory results in difficult trading conditions

	Year to 31.12.80 £000's	Year to 31.12.79 £000's
Group Turnover	73,052	69,957
Group Trading Profit	8,448	10,297
Interest Charges	1,901	1,082
Group Profit Before Taxation	6,547	9,215

The Directors recommend a final dividend of 1.6875 pence per share, to be paid on 6 July 1981.

The strong £ has had a very severe effect on the results for the year 1980, quite apart from the difficult trading conditions, especially in the UK. If the 1979 results were restated at the 1980 rates of exchange, they would show that Turnover has increased £60 million to £73 million and profits have declined from £7,778,000 to £6,547,000. The profits have also been affected by higher interest charges which have increased from £1,082,000 to £1,901,000.

The year 1980 has been a very difficult year and your Directors, considering all the circumstances, are not dissatisfied with the results. Our European subsidiaries continue to make satisfactory progress and I am pleased to report that the UK company has returned to profitability. The year 1981 will not be an easy year but, barring unforeseen circumstances, the Directors are confident that it will show an acceptable improvement over 1980.

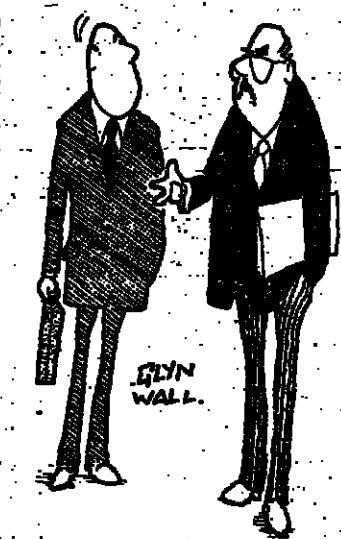
Lee Cooper Group PLC manufacture and distribute trousers, jeans, skirts and casual wear.

Business Diary: Cool cinemas mean hot box office

It is the battle of the conglomerates in the American cinema this week as Gulf Western's Paramount Pictures takes on Warner Brothers. The smash hit of all smash hits is Warner's *Superman Two*, which in the three days since it opened has broken all United States box office records—including *Star Wars*—with gross receipts of \$14.1 million (about £7.8m).

But Paramount, too, is doing well. Its new film, *Raiders of the Lost Ark*, has achieved gross receipts in its first ten days of showing of £22.1m. Paramount was afraid that the opening of *Superman Two* would knock the gloss off its new film. In a press statement that could have been written by a Dalek, it noted that receipts for its film of £3m in the last few days "are highly significant given the new competitive product entering the equation this past weekend".

The *Superman Two* to *Raiders of the Lost Ark* equation is certainly profitable. *Raiders of the Lost Ark* is a farce, which ranges from the search for the Ten Commandments to all manner of modern fantasies, and is directed by Steven Spielberg (who also did *Jaws* and stars Harrison Ford—Han Solo of the *Star Wars* films). *Superman Two*, directed by Richard Lester, again stars Christopher Reeve and Gene Hackman. If sales continue to move at



"I think we should fight fire with fire on this closed shop issue. We should refuse to recognize a union unless the general secretary is a member of the Institute of Directors."

The Commission is now working on its first company investigation under the Competition Act, sorting out whether TI Raleigh has been offending against the public interest by denying its cycle supplies to cut-price retailers. But merger activity is snowballing and that is also keeping Sir Godfrey on

the hop (five are being investigated).

Of half a dozen monopoly inquiries, those on the "poster" industry and the North of England's trading cheques system are nearing completion.

Withdrawal symptoms With the highest interest rates in Western Europe—discount rate 19.5 per cent, prime rate 22.5 per cent and overdrafts at up to 30 per cent—any wonder the banking world would be profitable in Italy. But no more.

Storm clouds are being raised by Silvio Golzio, the 72-year-old president of the Italian Banking Association and former chairman of Credito Italiano.

At the annual meeting of the association in Rome this week he expressed concern at the way banks are losing deposits, as business people and the public prefer to put their money elsewhere—in the bourse (in a year firms have issued about 3,000,000m lire (£1,290m) of new shares), in commercial bills (about 1,300,000m lire or £515m), but above all in Treasury bonds.

This year Golzio estimates bank deposits will increase by only a tenth when inflation is twice that. On the other hand the government—the "so-called state banker"—last year issued no less than 25,500,000m lire (now £10,945m) of Treasury bonds, against the 10,000,000m

Only electricals and oils make headway

But the group managed to contain much of its total spending of £20m within cash flow, and gearing rose only from 9 per cent to 14 per cent, though netting out cash reduces the figure to zero. Capital employed jumped from £29m to £50m and assets per share by 36 per cent to 466p.

The International Wheat Council has narrowed its estimate of world wheat production for the year beginning July 1981 between 450m and 470m tonnes from its previous estimate of 460m to 475m. This compares with an estimated output for 1980-81 of 444m tonnes.

Its first estimate of 1981-82 carryover stocks projected they would range from 46m to 51m tonnes in the five principal exporting countries against 43.4m tonnes in 1980-81.

Soviet imports in 1981-82 are estimated at 12m to 13m against 15m in 1980-81. Chinese at 11m to 13m against 13m and Indian at 2m.

1980/81				Gross	Yld	P/E		
High	Low	Company	Price	Chgs	Div(p)	Fully Taxed		
76	39	Airsprung Group	68	—	4.7	6.9	10.8	14.9
52	21	Armazaga & Rhodes	47	—	1.4	3.0	19.3	44.8
200	921	Bardon 'Hill	200	—	9.7	4.9	7.5	12.8
104	88	Deborah Services	101	—	5.5	5.4	5.0	9.5
126	88	Frank Horsell	103	—	6.4	6.2	3.2	5.9
29	64	Federick Parker	64	+	1.7	27.8	—	—
110	64	George Blair	64	+	3.1	—	—	—
110	59	Jackson Group	110	+	7.0	6.4	3.5	7.8
138	103	James Burrough	130	—	8.7	6.7	9.5	11.9
334	244	Robert Jenkins	314	—	31.3	10.0	—	—
55	50	Scruttons "A"	55	—	5.3	9.6	8.5	7.9
224	196	Toraday Limited	198	—	15.1	7.6	7.6	13.1
23	8	Twinkl Ord	14 1/2	—	—	—	—	—
90	68	Twinkl Holdings 45 ULS	80	+	15.0	18.8	—	—
56	35	Uniflock 15% O	40	+	3.0	7.5	6.2	9.8
103	81	Water Alexander	103	—	5.7	5.5	5.7	9.1
263	161	W. S. Yeates	252	—	13.1	5.2	4.8	9.7

Only electricals and oils make headway

The weakness of sterling also produced a few small sellers in Government securities. But they were enough in number to push prices lower with jobbers reporting a complete lack of interest after Monday's strong surge on the prospect of cheaper United States

Note the recent strength of Bejam, which has climbed 10p this week to close at 130p yesterday, helped by some fairly solid buying. Rumours suggest a possible bid from Associated Dairies.

after earlier comment on the video industry which added 2p apiece to Electronic Rentals at 114p and Granada at 245p. Reporting yesterday, Associated Communications "A" plunged 11p to 47p on the passed dividend, with Electrocomponents

Shell rose 8p to 356p, Ultramar 5p to 453p, Lasmo 2p to 553p, Tricentrol 4p to 256p and Berkeley Exploration 2p to 345p. Among the North Sea issues to come under scrutiny was Clyde Petroleum, 19p higher at 185p.

Traditional options: Declaration day saw only minimal new business, although calls were produced in Shackleton Petroleum on 6p, Rothmans Int on 6½p and FNFC on 3½p.

It was another good day for the dollar on foreign exchanges. Mr Paul Volcker's call for the imposition of reserve requirements was cited by dealers as reasons for the dollar's fresh advance.

Sterling closed with a loss of 1/16 cent to 154 1/2. The five-year dollar exchange rate index fell another 0.9 to 94.7. The pound strengthened briefly on a report that the Saudi Arabian oil ministry had lifted oil production, but dealers reported further

commercial selling out of Switzerland, and, later in the day, from Chicago as the currency dropped under a "charismatic" resistance point.

German marks fell from 2.571 to 2.585, while French francs still collected strength, dropping from 5.680 to 5.678. Swiss francs firmed from 2.050 to 2.050 as operators continued to switch currencies from French francs. The Japanese yen weakened from 222.75 to

	Marketrates (day's range)	Market rates (c/o ne)	1 month	3 months
June 25		June 25	1 m-1 1/2 disc	2 3/4-3 1/4 disc
New York	\$1.47-21 1/2	\$1.47-21 1/2	1.45-1.55 disc	3.50-4.05 disc
Montreal	\$2.3400-3220	\$2.3400-3220	pr-ec disc	1 m prem-pr
Amsterdam	15.17-21 1/2	15.19-20 1/2	19-22 1/2 disc	17-20 1/2 disc
Brussels	78 1/2-79 1/2	78 1/2-79 1/2	60-75 1/2 disc	175-180 disc
Copenhagen	14.71-21 1/2	14.71-21 1/2	25-35 disc	85-105 disc
Dublin	1.270-2835P	1.2720-2835P	147-174 disc	147 prem-147 disc
Frankfurt	125.00-131	125.00-131	60-120 disc	147-154 disc
London	153.00-161	153.00-161	110-140 disc	25-37 1/2 disc
Madrid	125.50-137.25P	125.50-137.25P	25-37 1/2 disc	35-45 1/2 disc
Osaka	232.1-241	232.1-241	55 prem-65 1/2 disc	75-29 1/2 disc
Paris	11.6-12 1/2	11.6-12 1/2	170-200 disc	5.55-5.70 disc
Stockholm	11.15-12 1/2	11.15-12 1/2	1.80-1.85 prem	1 prem-3 1/2 disc
Tokyo	9.47-10 1/2	9.47-10 1/2	1.80-1.85 prem	2 1/2-3 1/2 prem
Vienna	33.50-33 1/2 disc	33.50-33 1/2 disc		
Zurich	3.97-4.02	3.97-4.02		

Bank of England Guaranty Index		Morgan Guaranty Index		Rates		Rates	
				%		Bank of England MLR 12%.	
Sterling		94.7		-28.8		(Last changed 10/8/81)	
US dollar		92		-28.8		Clearing Banks Base Rate 12%	
Canadian dollar		87.9		-17.2		Discount MLR Less 4%	
Switzerland		111.3		-21.6		Overnight: High 10% Low 9%	
Belgian franc		105.8		-21.6		Week Fixed: 11	
Danish krona		85.9		-11.3		Treasury Bills (Days)	
Deutsche mark		115.5		-37.9		Buying Selling	
Swiss franc		106.2		-21.6		2 months 12% 2 months 11%	
Guilders		106.2		-21.6		3 months 11% 3 months 11%	
French franc		82.2		-21.4		Prime Bank Bills (Days) Trades (Days)	
Lira		87.4		-21.4		3 months 12% 1/2-1 1/2%	
Yen		142.7		-38.3		3 months 12% 1/2-1 1/2%	
						4 months 12% 1/2-1 1/2%	
						6 months 12% 1/2-1 1/2%	

	ECU currency conversion rate ECU	% change against former rate	% change adjusted*	divergence limit % plus/minus		Local Authority Bands (%)
Belgian franc	40.3385	41.2457	+1.34	+1.45	1 month	12% - 12%
Danish krona	2.19127	7.93205	-0.18	-0.29	2 months	12% - 12%
German D-mark	3.54012	3.54012	-0.58	-0.57	3 months	12% - 12%
French franc	6.55958	6.55958	+0.70	+0.70	4 months	12% - 12%
Dutch guilder	2.81231	2.81233	-0.10	-0.01	5 months	12% - 12%
Irish punt	0.833456	0.691742	+0.96	+1.07	6 months	13% - 12%
Italian lira	1262.52	1262.51	-0.21	-0.11	1 month	13% - 12%
<p>* % changes are for the ECU therefore positive change denotes weak currency</p> <p>+ adjusted for sterling's weight in the ECU, and for the lira's wider divergence limits.</p> <p>† amounts calculated by The Times.</p>						
					2 days	Local Authority Market (%)
					1 day	11%
					1 month	6 months 12%
						1 year 29%

(%) calls, 17-18% seven days,
10%-18% one month, 10%-18%
three months, 10%-18% six
months, 17-17%.

[illegible]

<p> CONVEX closed at \$222.90 an ounce for June, down \$2.00; Sept. \$224.00; Dec. \$225.00; 1959-60, \$226.00; 1960-61, \$227.00; 1961-62, \$228.00; Oct. 1962, \$229.00; Aug. 1963, \$230.00; Oct. 1963, \$231.00; Aug. 1964, \$232.00; Oct. 1964, \$233.00; Aug. 1965, \$234.00; Oct. 1965, \$235.00; Aug. 1966, \$236.00; Oct. 1966, \$237.00; Aug. 1967, \$238.00; Oct. 1967, \$239.00; Aug. 1968, \$240.00; Oct. 1968, \$241.00; Aug. 1969, \$242.00; Oct. 1969, \$243.00; Aug. 1970, \$244.00; Oct. 1970, \$245.00; Aug. 1971, \$246.00; Oct. 1971, \$247.00; Aug. 1972, \$248.00; Oct. 1972, \$249.00; Aug. 1973, \$250.00; Oct. 1973, \$251.00; Aug. 1974, \$252.00; Oct. 1974, \$253.00; Aug. 1975, \$254.00; Oct. 1975, \$255.00; Aug. 1976, \$256.00; Oct. 1976, \$257.00; Aug. 1977, \$258.00; Oct. 1977, \$259.00; Aug. 1978, \$260.00; Oct. 1978, \$261.00; Aug. 1979, \$262.00; Oct. 1979, \$263.00; Aug. 1980, \$264.00; Oct. 1980, \$265.00; Aug. 1981, \$266.00; Oct. 1981, \$267.00; Aug. 1982, \$268.00; Oct. 1982, \$269.00; Aug. 1983, \$270.00; Oct. 1983, \$271.00; Aug. 1984, \$272.00; Oct. 1984, \$273.00; Aug. 1985, \$274.00; Oct. 1985, \$275.00; Aug. 1986, \$276.00; Oct. 1986, \$277.00; Aug. 1987, \$278.00; Oct. 1987, \$279.00; Aug. 1988, \$280.00; Oct. 1988, \$281.00; Aug. 1989, \$282.00; Oct. 1989, \$283.00; Aug. 1990, \$284.00; Oct. 1990, \$285.00; Aug. 1991, \$286.00; Oct. 1991, \$287.00; Aug. 1992, \$288.00; Oct. 1992, \$289.00; Aug. 1993, \$290.00; Oct. 1993, \$291.00; Aug. 1994, \$292.00; Oct. 1994, \$293.00; Aug. 1995, \$294.00; Oct. 1995, \$295.00; Aug. 1996, \$296.00; Oct. 1996, \$297.00; Aug. 1997, \$298.00; Oct. 1997, \$299.00; Aug. 1998, \$300.00; Oct. 1998, \$301.00; Aug. 1999, \$302.00; Oct. 1999, \$303.00; Aug. 2000, \$304.00; Oct. 2000, \$305.00; Aug. 2001, \$306.00; Oct. 2001, \$307.00; Aug. 2002, \$308.00; Oct. 2002, \$309.00; Aug. 2003, \$310.00; Oct. 2003, \$311.00; Aug. 2004, \$312.00; Oct. 2004, \$313.00; Aug. 2005, \$314.00; Oct. 2005, \$315.00; Aug. 2006, \$316.00; Oct. 2006, \$317.00; Aug. 2007, \$318.00; Oct. 2007, \$319.00; Aug. 2008, \$320.00; Oct. 2008, \$321.00; Aug. 2009, \$322.00; Oct. 2009, \$323.00; Aug. 2010, \$324.00; Oct. 2010, \$325.00; Aug. 2011, \$326.00; Oct. 2011, \$327.00; Aug. 2012, \$328.00; Oct. 2012, \$329.00; Aug. 2013, \$330.00; Oct. 2013, \$331.00; Aug. 2014, \$332.00; Oct. 2014, \$333.00; Aug. 2015, \$334.00; Oct. 2015, \$335.00; Aug. 2016, \$336.00; Oct. 2016, \$337.00; Aug. 2017, \$338.00; Oct. 2017, \$339.00; Aug. 2018, \$340.00; Oct. 2018, \$341.00; Aug. 2019, \$342.00; Oct. 2019, \$343.00; Aug. 2020, \$344.00; Oct. 2020, \$345.00; Aug. 2021, \$346.00; Oct. 2021, \$347.00; Aug. 2022, \$348.00; Oct. 2022, \$349.00; Aug. 2023, \$350.00; Oct. 2023, \$351.00; Aug. 2024, \$352.00; Oct. 2024, \$353.00; Aug. 2025, \$354.00; Oct. 2025, \$355.00; Aug. 2026, \$356.00; Oct. 2026, \$357.00; Aug. 2027, \$358.00; Oct. 2027, \$359.00; Aug. 2028, \$360.00; Oct. 2028, \$361.00; Aug. 2029, \$362.00; Oct. 2029, \$363.00; Aug. 2030, \$364.00; Oct. 2030, \$365.00; Aug. 2031, \$366.00; Oct. 2031, \$367.00; Aug. 2032, \$368.00; Oct. 2032, \$369.00; Aug. 2033, \$370.00; Oct. 2033, \$371.00; Aug. 2034, \$372.00; Oct. 2034, \$373.00; Aug. 2035, \$374.00; Oct. 2035, \$375.00; Aug. 2036, \$376.00; Oct. 2036, \$377.00; Aug. 2037, \$378.00; Oct. 2037, \$379.00; Aug. 2038, \$380.00; Oct. 2038, \$381.00; Aug. 2039, \$382.00; Oct. 2039, \$383.00; Aug. 2040, \$384.00; Oct. 2040, \$385.00; Aug. 2041, \$386.00; Oct. 2041, \$387.00; Aug. 2042, \$388.00; Oct. 2042, \$389.00; Aug. 2043, \$390.00; Oct. 2043, \$391.00; Aug. 2044, \$392.00; Oct. 2044, \$393.00; Aug. 2045, \$394.00; Oct. 2045, \$395.00; Aug. 2046, \$396.00; Oct. 2046, \$397.00; Aug. 2047, \$398.00; Oct. 2047, \$399.00; Aug. 2048, \$400.00; Oct. 2048, \$401.00; Aug. 2049, \$402.00; Oct. 2049, \$403.00; Aug. 2050, \$404.00; Oct. 2050, \$405.00; Aug. 2051, \$406.00; Oct. 2051, \$407.00; Aug. 2052, \$408.00; Oct. 2052, \$409.00; Aug. 2053, \$410.00; Oct. 2053, \$411.00; Aug. 2054, \$412.00; Oct. 2054, \$413.00; Aug. 2055, \$414.00; Oct. 2055, \$415.00; Aug. 2056, \$416.00; Oct. 2056, \$417.00; Aug. 2057, \$418.00; Oct. 2057, \$419.00; Aug. 2058, \$420.00; Oct. 2058, \$421.00; Aug. 2059, \$422.00; Oct. 2059, \$423.00; Aug. 2060, \$424.00; Oct. 2060, \$425.00; Aug. 2061, \$426.00; Oct. 2061, \$427.00; Aug. 2062, \$428.00; Oct. 2062, \$429.00; Aug. 2063, \$430.00; Oct. 2063, \$431.00; Aug. 2064, \$432.00; Oct. 2064, \$433.00; Aug. 2065, \$434.00; Oct. 2065, \$435.00; Aug. 2066, \$436.00; Oct. 2066, \$437.00; Aug. 2067, \$438.00; Oct. 2067, \$439.00; Aug. 2068, \$440.00; Oct. 2068, \$441.00; Aug. 2069, \$442.00; Oct. 2069, \$443.00; Aug. 2070, \$444.00; Oct. 2070, \$445.00; Aug. 2071, \$446.00; Oct. 2071, \$447.00; Aug. 2072, \$448.00; Oct. 2072, \$449.00; Aug. 2073, \$450.00; Oct. 2073, \$451.00; Aug. 2074, \$452.00; Oct. 2074, \$453.00; Aug. 2075, \$454.00; Oct. 2075, \$455.00; Aug. 2076, \$456.00; Oct. 2076, \$457.00; Aug. 2077, \$458.00; Oct. 2077, \$459.00; Aug. 2078, \$460.00; Oct. 2078, \$461.00; Aug. 2079, \$462.00; Oct. 2079, \$463.00; Aug. 2080, \$464.00; Oct. 2080, \$465.00; Aug. 2081, \$466.00; Oct. 2081, \$467.00; Aug. 2082, \$468.00; Oct. 2082, \$469.00; Aug. 2083, \$470.00; Oct. 2083, \$471.00; Aug. 2084, \$472.00; Oct. 2084, \$473.00; Aug. 2085, \$474.00; Oct. 2085, \$475.00; Aug. 2086, \$476.00; Oct. 2086, \$477.</p>
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[illegible]

Strong advance maintained

- **Group sales increased to £844.5 million**
- **Pretax profit up by 40.7%**
- **Record £1,223 million orders**
- **Earnings per share up by 34.9%**

The Plessey Company Limited		
An extract from the 1980/81 preliminary results (unaudited)		
Figures in £000s	53 weeks ended April 3 1981	52 weeks ended March 28 1980
Sales	844,500	751,000
Profit before taxation	84,537	60,099
Earnings before extraordinary items	53,945	39,630
Earnings after extraordinary items	52,379	34,904
Dividend (pence per share)	7.631p	6.938p
Earnings per share before extraordinary items (pence)	22.53p	16.70p
Earnings per share after extraordinary items (pence)	21.88p	14.71p

The Current Cost Profit and Loss Account shows a substantial increase in Earnings before Extraordinary Items from £11.2 million to £25.3 million representing a dividend cover of 1.37 times.

The recommended final dividend of 4.411 pence per share payable on January 2, 1982 to shareholders on the register on November 13, 1981 if approved, together with the interim dividend already declared, will amount to 7.631 pence per share for the year, compared with 6.938 pence per share in the previous year.

The Company's full Report and Accounts will be posted to shareholders on August 10, 1981. The Annual General Meeting will be held on September 4, 1981 at 12 noon at Millbank Tower, Millbank, London SW1.


PLESSEY

Operating internationally in 130 countries

Vickers da Costa plans buyout

Stockbroking house Vickers da Costa is holding discussions with some City institutions that might provide financial backing for the management to buy out the company's existing shareholders.

Most stockbrokers are run as partnerships, but Vickers da Costa has been a public, unquoted company for several years. Its chairman is Sir Kenneth Berrill, who also heads the Government's think tank.

Plans for a buyout are still at an early stage, a spokesman for Vickers da Costa's adviser, Baring Brothers, said yesterday.

An acceptable price for the shares, held by about 70 shareholders, has yet to be calculated. Shareholders have been informed of the company's

Briefly

Lookers: Turnover for half-year to March 31 last, £35.25m (£36.99m). Pretax profits: £402,000 (£406,000). Interim payment is unchanged.

Jatel: Pretax profits of £55,000, against loss of £62,000. Total dividend unchanged at 5.71p gross.

J. & H. B. Jackson: Turnover for half-year to March 31, 1981, £15m (£14.7m) "Profit after tax" £1.1m (£1.0m).

Humphries Holdings : Turnover

Pethow Holdings: Turnover for year to March 31, 1991, £14.26m (£11.38m). Pretax profits: £931,000 (£1.04m). No ordinary payments (same).

Triplex Foundries Group: In the year to March 31 last, Triplex tumbled from pretax profits of

Shaw Carpets : Pretax profits were more than halved, to £465,000 in the year to March 1982.

the year to May 1, 1981, against £1.05m last time. Sales were up from £34.49m to £36.21m. Total dividend unchanged at 2.85p gross.

United Guarantee (Holdings) is not paying an interim dividend, compared with 0.33p twice last

year. The group suffered a pre-tax loss of £53,800 in the half-year to March 31, against a profit of £56,400. Turnover rose from £5.31m to £8.14m.

year to April 25, 1981, £13.96m
 (£12.42m). Pretax profits:
 £975,000 (£950,000). Interim
 payment unchanged.

Mid Kent Water: Offer for sale
 by tender of £3m, 9 per cent re-
 deemable preference stock. 1987.

Minimum tender : 97 per cent.

 **PLESSEY**
Operating internationally in 130 countries

[illegible]

Minimum tender : 97 per cent.

This advertisement has been issued by British Sugar Corporation Limited

**I SEE THAT
LESS THAN 3%
HAVE ACCEPTED
BERISFORD
SHARES.***

**YES, AND THOSE WHO HAVE
SOLD FOR CASH WILL HAVE TO
LOOK A LONG WAY TO FIND ANOTHER
SHARE YIELDING ALMOST TWICE THE
MARKET AVERAGE IN A COMPANY
WITH A RECORD
LIKE BRITISH SUGAR.**

*Acceptances in respect of 3.15% of British Sugar shares announced by Berisford on 16 June, 1981, have since been reduced by revocations in respect of 227,544 shares (0.38%).

No wonder British Sugar shareholders are rejecting the Berisford bid!

Berisford have not claimed any significant progress during the last week in their attempt to take over your company. Indeed growing numbers of shareholders who had accepted their offer are now exercising their right to revoke those acceptances. Leading institutional investors are on record as opposing the bid. They want British Sugar to remain independent.

Now Berisford are becoming desperate, and trying to stampede shareholders with alarmist threats about the share price if the bid fails.

Do not be alarmed by Berisford claiming that at least 60 per cent. of British Sugar's shares could be put on the market which could result in a fall in the share price. We reiterate:-

- in the opinion of our financial advisers, J. Henry Schroder Wagg & Co. Limited, the Government's holding could be placed without upsetting the market in British Sugar shares.

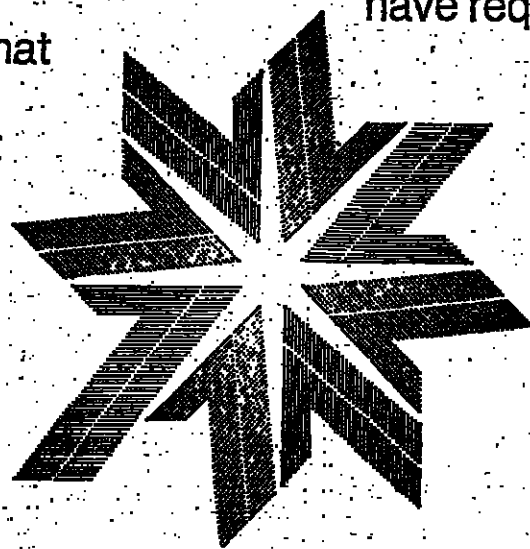
- Is it likely that Berisford would dispose of their shareholding in such a way as to depress the share price unnecessarily when their own commercial interest would lie in keeping it high and realising the maximum price?

- British Sugar shares are still fundamentally undervalued and do not reflect the worth of the business.

Do not be pressurised by Berisford, their bankers or brokers into believing that your last chance to accept their offer is 3 p.m. on July 1. The Panel on Takeovers and Mergers have required Berisford to announce that you would still have 14 days after July 1 to accept if the offer went unconditional.

If you have accepted the bid we would urge you to withdraw your acceptance by completing the form of revocation already sent to you and sending it to J. Henry Schroder Wagg & Co. Limited. If you have not accepted the bid we again ask you to **Stand firm and take no action**

REJECT THE BID



BRITISH SUGAR
CORPORATION LIMITED
THE RECORD SPEAKS FOR ITSELF

The publication of this advertisement has been approved by a duly authorised committee of the Board of British Sugar Corporation Limited. Each Director has taken all reasonable care to ensure that both the facts stated and the opinions expressed herein are fair and accurate. Each Director of British Sugar Corporation Limited accepts responsibility accordingly.

Valuation of shares for gains tax

It disregarded the commercial reality of the consideration moving from the company.

which, in the words of Lord Greene in *Osborne v Steel Barrow Co Ltd* ([1942] 1 All ER 634), "must be at least equal in value to the par value of the shares and must be based on an honest estimate by the directors of the value of the assets acquired".

Under the consideration given by the issuing company to the shares themselves, the principle the present case was no different. The consideration given by the company was the benefit of an agreement by it to issue and allot new shares and to create new shares as fully as the parties had agreed on a purchase price for the securities in the clearest terms. That price was to be satisfied by the issue of new shares of 160p

There was no reason for giving the consideration any value other than that which the parties honestly chose to put on it. Moreover, in business transactions it was realistic that the agreed purchase price should be the value of the consideration given by the purchaser and should represent the base value of the asset. The capital gains tax purposes when the purchaser subsequently disposed of the asset.

Solicitors: Ashurst, Morris, Crisp & Co; Solicitor of Inland Revenue.

residence

Lord Justice Stephenson and Lord Justice Oliver agreed.

Solicitors: Solicitor of Inland Revenue: Beachcroft, Hyman & Isaacs.

Probate correction

The Non-Contentious Fees Order 1985 (SI 1985 No 861) provides for a flat fee of £40 for cases and not £10 as stated yesterday.

In all cases in which an inland revenue account is not required, and not those under £10,000, as stated yesterday, the fact that such account is not required should be stated.

[illegible][illegible][illegible][illegible]

41	32	Plat	Jan	140	5	491	425
42	10	County	Jan	140	4	491	425
43	10	Plat	Jan	140	5	491	425
44	10	County	Jan	140	4	491	425
45	10	Plat	Jan	140	5	491	425
46	10	County	Jan	140	4	491	425
47	10	Plat	Jan	140	5	491	425
48	10	County	Jan	140	4	491	425
49	10	Plat	Jan	140	5	491	425
50	10	County	Jan	140	4	491	425
51	10	Plat	Jan	140	5	491	425
52	10	County	Jan	140	4	491	425
53	10	Plat	Jan	140	5	491	425
54	10	County	Jan	140	4	491	425
55	10	Plat	Jan	140	5	491	425
56	10	County	Jan	140	4	491	425
57	10	Plat	Jan	140	5	491	425
58	10	County	Jan	140	4	491	425
59	10	Plat	Jan	140	5	491	425
60	10	County	Jan	140	4	491	425
61	10	Plat	Jan	140	5	491	425
62	10	County	Jan	140	4	491	425
63	10	Plat	Jan	140	5	491	425
64	10	County	Jan	140	4	491	425
65	10	Plat	Jan	140	5	491	425
66	10	County	Jan	140	4	491	425
67	10	Plat	Jan	140	5	491	425
68	10	County	Jan	140	4	491	425
69	10	Plat	Jan	140	5	491	425
70	10	County	Jan	140	4	491	425
71	10	Plat	Jan	140	5	491	425
72	10	County	Jan	140	4	491	425
73	10	Plat	Jan	140	5	491	425
74	10	County	Jan	140	4	491	425
75	10	Plat	Jan	140	5	491	425
76	10	County	Jan	140	4	491	425
77	10	Plat	Jan	140	5	491	425
78	10	County	Jan	140	4	491	425
79	10	Plat	Jan	140	5	491	425
80	10	County	Jan	140	4	491	425
81	10	Plat	Jan	140	5	491	425
82	10	County	Jan	140	4	491	425
83	10	Plat	Jan	140	5	491	425
84	10	County	Jan	140	4	491	425
85	10	Plat	Jan	140	5	491	425
86	10	County	Jan	140	4	491	425
87	10	Plat	Jan	140	5	491	425
88	10	County	Jan	140	4	491	425
89	10	Plat	Jan	140	5	491	425
90	10	County	Jan	140	4	491	425
91	10	Plat	Jan	140	5	491	425
92	10	County	Jan	140	4	491	425
93	10	Plat	Jan	140	5	491	425
94	10	County	Jan	140	4	491	425
95	10	Plat	Jan	140	5	491	425
96	10	County	Jan	140	4	491	425
97	10	Plat	Jan	140	5	491	425
98	1						

Bungalow part of taxpayer's main residence

several buildings not physically joined, for example, a house having a separate garage.

It was a question of fact for the commissioners and there was no way to say that they had misdirected themselves in law on the facts.

Lord Justice Stephenson and Lord Justice Oliver agreed.

Solicitors: Solicitor of Inland Revenue: Beachcroft, Hyman & Isaacs.

Probate correction

The Non-Contentious Fees Order 1981 (SI 1981 No 851) provides for a flat fee of £40 in certain cases and in all cases in which an Inland Revenue Account is not required, and in those up to £10,000 was stated yesterday, the fact that such account is not required should be

Authorized Units, Insurance & Offshore Funds

[illegible]

